# SENATE—*Tuesday, October 1, 1985*

*(Legislative day of Monday, September 30, 1985)*

The Senate met at 11 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.

*O Lord, thou hast searched me and know me. Thou knowest my downsitting and mine uprising; thou understandest my thought afar off. Thou compassest my path and my lying down, and art acquainted with all my ways.*—Psalm 139:1-3.

Father in Heaven, in our large Senate family there are bound to be those who have personal or family needs which they are not always free to express. Our culture does not permit people of power to acknowledge vulnerability or weakness but we know that in their humanity they have needs. Thank Thee, Heavenly Father, for the confidence we have that Thou dost know each of us in the totality of his or her life, past, present, and future. We cannot hide from Thee. We cannot deceive Thee. We have no secrets from Thee. As Thou dost know us, gracious Father, meet every need represented in hearts and homes today. Whether estrangement between spouses, parents and children, illness of a loved one near or far, children or youth in trouble, financial difficulty, frustration or boredom at work, discouragement or despair, we ask Thy healing touch upon each situation. Grant our Father, that in our relationships with each other, we will respect, honor and love one another so that though unaware of others' burdens, we will be an instrument for caring and restoration. Dear God, may Your love cover every individual, every family, every circumstance represented by the Senators and all the supporting staffs. In the name of Him who is love incarnate. 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 have 10 minutes each. I ask unanimous consent to reserve the time of the distinguished minority leader.

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

Mr. DOLE. Mr. President, I ask unanimous consent to vitiate the request for special orders by Senator GOLDWATER and Senator NUNN.

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

Mr. DOLE. Then, Senator PROXMIRE has a special order for not to exceed 15 minutes.

There will be routine morning business not to extend beyond the hour of 12 noon with Senators permitted to speak for not more than 5 minutes each.

By unanimous consent, at 12 noon the Senate will stand in recess until the hour of 2 p.m. for the Republican and Democratic policy luncheons. When we reconvene at 2 p.m., it is my hope that we can turn to a number of items. But, first of all, I understand Senator GOLDWATER and Senator NUNN would like to speak at that time. Hopefully, it will not be too long. Then, hopefully, we can move on to the imputed interest conference report. After that we will have one or two appropriations bills that we hope to take care of by fairly early evening.

We are still not certain on the Saturday session. I hope to make an announcement on that, if not today, the first thing tomorrow morning so that Senators may make their plans. It all revolves around the extending of the debt ceiling. When that will be taken up or whether or not there will be an effort to keep it free of amendments—and I assume some amendments will be offered in any event. But that is a matter that was discussed with the President this morning at the White House. He indicated he would like a clean debt ceiling, though others have other views.

So it may be necessary at least on this side to have a caucus before we are able to determine that. We may be able to determine that in the next day or so.

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

## RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER (Mr. KASTEN). Under the previous order, the Democratic leader is recognized.

## EXTENSION OF THE DEBT CEILING

Mr. BYRD. Mr. President, as I indicated yesterday in a conversation with the leader, it is my strong feeling that if we can possibly do it, we restrain ourselves on both sides from offering any amendments on the extension of the debt ceiling.

That might be a task that is hard for the majority leader and for me. At least I think I shall try it on this side, and for many reasons.

In any event, I will be talking to the majority leader later. It may not fly at all. It is a suggestion. But I strongly support it. I suppose one Senator may feel that he has to call up an amendment. Then another Senator will feel that he is under no obligation to restrain himself from bringing up an amendment. All we can do is try. I want the majority leader to know that I will be trying to do that.

Mr. President, I yield the floor.

## RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin [Mr. PROXMIRE] is recognized for not to exceed 15 minutes.

## DESIGNER DOORMAT GETS OCTOBER'S GOLDEN FLEECE AWARD

Mr. PROXMIRE. Mr. President, my Golden Fleece of the Month Award for October goes to the Navy.

Now hold on to your galoshes on this one, Mr. President; the fleece goes to the Navy for buying a $792 designer doormat.

That is right—$792 for a custom-made doormat so Navy personnel can walk on nothing but the best; meanwhile, the poor taxpayer gets walked all over with this outrageous expense.

Move over, $7,000 coffee pots! Stand aside, $400 hammers! We now have the $792 doormat! It was installed this August at the Naval Medical Command Southeast Region in Jacksonville, FL.

The poor taxpayer may wipe his shoes on a $3 doormat when he goes home, but not the Navy. It is, damn the cost, full feet ahead on a doormat you would be ashamed to get muddy.

The Navy in this case got what it ordered. The 8-by-10-foot doormat it bought is a posh top-of-the-line beauty. What trips me up is why in

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

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the world the Navy paid for it in the first place?

Wipe your boots on any old doormat! Not the Navy. Since the taxpayer was footing this bill, it bought the Rolls Royce of doormats—a "luxo link custom" doormat with the Medical Command's logo woven into it in metallic blue, white, yellow, and turquoise.

I realize the Navy's job is to protect our seas so the enemy does not reach our doorstep. But a $792 doormat hardly qualifies as being vital to our national defense.

The problem is, the Medical Center's designer doormat seems to be just the tip of the mat pile. These fancy doormats seem to be lying around at military facilities everywhere. Imagine the envy of a visiting admiral bereft of a "luxo link custom" doormat. Will he just have to have one?

I asked the Navy to justify this outrageous expense. Its response: "This purchase fills a legitimate command requirement." I would like to see how legitimate they would think this purchase was if their commanders had to pay for it, instead of the poor taxpayer. What is more, the Navy said these designer doormats "are used by most major naval headquarters commands."

With the whopping budget deficit we are facing, all the cuts in spending we are having to make in vital programs, and the belt-tightening the military is now being asked to take, the Navy can hardly afford "luxo link custom" doormats. Caspar Weinberger ought to call a few admirals on the carpet—or better yet, the VIP doormat—and kill this type spending deader than a doormat.

## THE SENATE WILL LOSE A REMARKABLE SENATOR IN MAC MATHIAS

Mr. PROXMIRE. Mr. President, the decision by Senator MAC MATHIAS to retire after this Congress is a sad blow for this body. MAC is precisely the kind of U.S. Senator this country needs. He has all the fundamental virtues. He is intelligent. He works hard. But he is much more. MAC MATHIAS really loves this place. You can tell by the way he speaks in this body. MAC enjoys giving a speech. He makes it fun and often funny. He does not follow any rigid ideological party line. He obviously does what he believes is in the public interest.

This body will miss one of its finest Senators in MAC MATHIAS. This Senator will especially miss him.

Mr. President, I ask unanimous consent that a sensitive and touching article on Senator MATHIAS by Meg Greenfield that appeared in both this week's Newsweek and this morning's Washington Post be printed in the RECORD.

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

[From the Washington Post, Oct. 1, 1985]

A REPUBLICAN OUTSIDER

(By Meg Greenfield)

I don't want to write about Sen. Charles McC. (Mac) Mathias Jr. as if he had died. All the Republican from Maryland has done is to announce his decision to retire from the U.S. Senate next year, and, contrary to what is so generally assumed in this town, there is life after the U.S. Senate. There is even said to be life outside of Washington. But this, of course, is only hearsay. What interests me about the Mathias decision is neither of these vexed questions, nor even the who-struck-John political details of his recent relationship with his party, a subject that has engrossed many. What interests me is the question of why a man of Mac Mathias' particular enthusiasms should have been consigned so relentlessly over the years to the outskirts of his party.

No one in that party, I believe, will reply that this most affable and humorous of men had a personality problem, as some politically acceptable but personally unbearable figures in both parties do. Again, it is true that he was not shy about bucking party discipline from time to time and going his own way, but then neither have others at the opposite end of the Republican political spectrum been—far from it. For example, Mathias has opposed and even been crucial in blocking some Republican appointments, most notably that of William Bradford Reynolds to be associate attorney general, but Sen. Jesse Helms of North Carolina has waged campaigns against the confirmation of many Reagan nominees, and somehow he has never been made to seem nearly so much a pariah for his failure of allegiance as Mathias has for his.

So I don't think that the breaking of discipline explains it, and I don't think Mathias' relative liberalism is the answer either. His views and his votes on racial questions have not been all that different from those of a number of other Republicans; and it is worth recalling in this connection that a group including Majority Leader Bob Dole and other Republicans recently complained to the Supreme Court about the weakness of some Reagan administration civil-rights policies.

Of course Mathias is, in this and some other key respects, a liberal Republican. But to say this is, I think, to miss the core theme and motivation of the man. It is to conjure up a kind of modernist sensibility, whereas Mathias is, if anything, its antithesis. He is no cutitng-edge-of-institutional-change liberal, no social-science-minded, central-planning pol. On the contrary, the man is almost obsessive in his care for and attachment to tradition, specifically to American historical tradition.

I learned this on a truly freezing afternoon in December almost 15 years ago. I remember the temperature so well because I and a colleague spent several hours riding out to a Civil War battlefield with Mathias in the wreck of a car he drove, which had holes in the floorboards that had been kicked and butted through by the goats he ordinarily transported in it. (When you got in the car and before you ever saw the holes, you knew that goats—at least—had been its previous passengers.) We were there because we had been incautious enough to write an editorial in The Washington Post opposing a Mathias effort to double the size of the Antietam National Battlefield park, so that it would include such Civil War landmarks as the probable site of Clara Barton's field hospital.

Mathias insisted that we take this tour. It included, first, a Revolutionary-period farmhouse where we had a very late lunch and restored our failing vital signs with some red wine and at last—it was pitch-dark by then—a trek around the icy battlefield. What I remember best is the loving preoccupation of Mathias with every detail of the early-American farmhouse, its construction and furnishings, and his utter familiarity with an enthusiasm for the historic resonances of the countryside we traversed. I almost forgave him the certainty of pneumonia.

In the years since then, I have come to understand that this enthusiasm involves not only traditional Americana—artifacts and shrines—but also, and more essentially, traditional American values. It all seems to go together in his mind. Mathias, not to put too fine a point on it, is a Bill of Rights freak. He reads in and about the Constitution. He talks about the Founding Fathers as if he knew them, and in a way, I suppose, he does. Throughout the Watergate time and ever after, when an administration sought to overreach its authority, especially in marauding against an individual or in abusing its powers or encroaching on guaranteed rights, when it lied or snooped or denied due process, you could be sure you would hear from Mathias, that he would be on the phone and on the case. It is his passion. He will nag you to death on it.

Why this should be considered an affront to conservatism—as distinct from proceeding from a very conservative, traditionalist instinct, which it does—I will never know. And why it should be considered subversive of Republican policy to demonstrate so thoroughgoing a hostility to the self-aggrandizement of the state is equally hard to understand. The Senate at the moment is hardly controlled by people who are either unsympathetic to these values or hostile to Mathias. Mathias' fellow Senate Republicans—Dole, Alan Simpson, Richard Lugar, Nancy Kassebaum, Dave Durenberger, Pete Domenici, William Cohen, John Danforth, to name a few—represent one of the strongest and most respected governing groups the Capital has seen in ages.

You might also think that the more ideological, think-tank right, where so much of the political action and energy are in Washington these days, would have some folks within it who appreciated the antistatist quality of Mathias' passion for the U.S. Constitution. But the truth is that higher-ups in his party have spent a great deal of effort devising ways to keep Mathias from ascending to the chairmanship of the Senate Judiciary Committee, which his seniority brought him to the edge of and for which he had spent a political lifetime preparing. The Republicans, riding high in Washington, should ask themselves how it was that so many of them found this man's American political fundamentalism so frightening and what it says of them that they simply could not find a place for him in their counsels.

## REDUCING NUCLEAR ARSENALS IS NOT NEARLY ENOUGH

Mr. PROXMIRE. Mr. President, I wish every American could read the excellent lead editorial in the New

York Times, Sunday. That editorial deals with the most important issue that faces mankind: How to prevent nuclear war. I wish the concluding paragraph could be written in letters of flame 1,000 miles high. Here it is:

The main message is that deterrence must not be allowed to fail, and long before any meaningful defense can be achieved, the arsenals held for retaliation need to be reduced to the smallest possible size. Forcing governments to look nuclear weapons in the face may be the best way to sicken their appetite for building even more.

As the New York Times argues, Government must, indeed, rethink nuclear war. With great respect for the New York Times, this Senator would argue that governments—especially the U.S. Government—should recognize that "reducing the nuclear arsenals to the smallest possible size" will not begin to solve the most crucial nuclear war problem. As that indefatigable champion of the Reagan nuclear arms policy, Richard Perle, never tires of telling us, the United States has, in fact, reduced its nuclear arsenal in both number of warheads and in megatonnage over the past 20 years. But we have spent hundreds of billions in that period to construct an ever more devastating nuclear arsenal. How can this be? How can the United States reduce its nuclear arsenal in size, but at the same time massively increase its devastating power? How has this apparent contradiction happened? It has happened because the reduction in the size of our nuclear arsenal has not in the slightest diminished our vigorous participation in the nuclear arms race. Through constant research and the testing that is essential to research, we have steadily perfected the deadly power of our far smaller arsenal so it is, indeed, smaller in number and megatonnage, but much more devastating than ever.

The danger of the next few years is that the process of creating the terribly destructive—though smaller and fewer—nuclear weapons is just beginning. When this country perfects the antimatter bomb, it will have an "improvement" on fusion and fission bombs in terms of explosive power by a factor of 100 or more. What does that mean? It means we can produce nulcear weapons that are both far smaller and far cheaper than the nuclear weapons we have now. And that means the world will be in far more serious danger than ever. What do much cheaper and lighter nuclear bombs mean? It means that literally scores of countries will be able to afford nuclear weapons. It also means that the overnight superpower status of these devastating new nuclear weapons will make them irresistible. Few if any countries will be able to resist it. Do you doubt that? Put yourself in the position of the top man in Cambodia, or South Korea or Taiwan or the Philippines, or Afghanistan, or Nicaragua or El Salvador let alone Libya or Syria. How could you resist a weapon that could not only put you right up there at the table with Reagan and Gorbachev, but could literally give you the capacity to eliminate totally any neighboring power or any revolutionary group that opposed you or the government that embodies the principles for which you are ready to fight and die? Come to think of it, the race for these weapons could be even more widespread. It would swiftly include revolutionary outsiders determined at any cost to overthrow incumbent regimes. Think what just a few antimatter bombs would do for the Contras in Nicaragua or the Irish Republican Army. Is all this just a foolish flight of fancy? It is a flight of fancy only if we stop the arms race now, and that means especially stopping the essential testing of nuclear arms now. If we do not, it is as certain as tomorrow's sunrise that the arms race will develop nuclear weapons of greater power than today's pulverizers, and far smaller and very much cheaper. Do you say, wait a minute, PROXMIRE. For 40 years the nuclear weapons genie has been out of the bottle. For all these 40 years, you proliferation bogeymen have been reciting the proliferation fairy tale.

But except for five major nations, there has been little or no proliferation. Why should the next 40 years be any different? The answer is in the simple arithmetic of economics. To date, a nuclear arsenal has not come cheaply. The cost has been in the billions. Only countries with major economies could afford such an arsenal. The new nuclear weapons coming on in the arms race are changing all that.

But, do you protest, cost is one thing, but availability is something else? Do you argue we would safeguard the secret of antimatter bombs and keep them to ourselves? Dream on. In the real world, military "secrets" have a lifetime of about 3 months. Once we make the breakthrough and prove it with tests, the race is on.

So, it is not enough—as the New York Times pleads—to reduce the size of superpower nuclear arsenals. That will mean little or nothing. It is far more important to negotiate a mutual, verifiable end to the nuclear arms race and the testing of nuclear weapons that lies at its core.

Mr. President, I ask unanimous consent that the New York Times editorial of Sunday to which I referred be printed at this point in the RECORD.

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

RETHINKING NUCLEAR WAR

Only 10 years ago, many scientists concluded that the planet could survive a major nuclear war, recovering within a decade. That judgment is now sharply questioned by new interest in the effects of nuclear explosions on the world's climate, cities and agriculture. The Reagan Administration contends that the debate is irrelevant to policy, which is based on the premise that nuclear weapons must never be used. Still, governments that threaten—and are threatened by—nuclear retaliation cannot be indifferent to knowledge of the consequences if deterrence fails.

Smoke, which was entirely neglected in earlier assessments, is the most prominent feature in the emerging portraits of nuclear war. That is because cities are laden with combustibles, like fuel, plastics and asphalt, that create a thick black smoke when burned. If enough smoke ever gets high enough to escape being washed down by rain, a black pall would spread out and enshroud much of the Northern Hemisphere.

Climatologists, employing computer models, are still only guessing what the smoke would do. The latest calculations, reported by a committee of the International Council of Scientific Unions, reiterate that the smoke from a major nuclear war could blot out nine-tenths of the sunlight. The clouds would immediately reduce land temperatures by some 30 degrees, and might linger for a year or so. The committee calculates that this would disrupt agriculture in the Northern Hemisphere and the monsoon season in Asia, causing widespread crop failure and famine.

These are not certain predictions, and the dust of this debate has not settled. But there seems at present a solid chance that a nuclear war, besides killing hundreds of millions immediately, could be followed by a nuclear winter that would kill hundreds of millions more.

Even without a nuclear winter, re-examination suggests that the direct consequences of nuclear war would be no less terrible. According to studies presented last week at the Institute of Medicine in Washington, both the radiation and fire from nuclear explosions have been underestimated. Reappraisal of the deaths in Hiroshima finds that fallout may be a greater danger than anyone knew; the lethal radiation level for humans seems to be much lower than had been thought.

Another recalculation concerns the effect on cities. Government estimates of the casualties from nuclear explosions over cities are apparently based on the blast effect, as calculated from deaths in Hiroshima. But the 1945 bomb was what would now be considered a mere tactical weapon. A modern warhead exploded over a city would probably ignite raging fires, driven by hurricane-force winds and sweeping far beyond the zone of lethal blast. These firestorms might claim four times as many lives as those taken by flash and blast.

These judgments of nuclear effects carry many possible implications for nuclear strategy. But the lesson will not have been learned if strategists merely reallocate their targets and change the design of warheads.

The main message is that deterrence must not be allowed to fail, and long before any meaningful defense can be achieved, the arsenals held for retaliation need to be reduced to the smallest possible size. Forcing governments to look nuclear weapons in the face may be the best way to sicken their appetite for building ever more.

## MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, the myth of the day is that there is free trade among the nations of the world. This widely accepted myth recognizes that there are occasional free-trade lapses here and there. The myth also recognizes that there are a few countries that exclude the free admission and sale of products. But, according to the myth, if the United States wants to sell oranges or autos in Japan, all we have to do is ship them over, transfer them to dealers, and it's like selling Florida oranges or Detroit autos in Texas or New York or Wisconsin. That, Mr. President, is the free market of myth.

The real world is exactly, precisely the opposite. In the real world, there is only one major country in the world that has no quota on the import of Japanese autos. That country is the United States. Can the United States sell its farm products freely, without restraint, in France or Italy or Japan or Germany? Of course not. The United States can only sell in a tightly constrained, limited market.

Is there any semblance of free trade anywhere in the world? Yes; the biggest single-country market in the world is the United States. With a few exceptions, and they are relatively very few, the United States is a free-trade zone for the world.

It is true that the United States did negotiate a limit on the import of Japanese autos. That limit, incidentally, has now expired. The United States did limit the import of Japanese motorcycles. In a few other areas, we have, from time to time, temporarily limited access to our markets. But by and large, the United States is wide open for foreigners to export to this country their food, clothing, autos, steel, oil, ships. The list is endless. Now, is there any significant market in the world where the United States can freely export its product without restraint? If so, I challenge Senators to name it.

The free-market myth carries a corollary myth along with it. That is the myth that any restraint on imports to provide an opportunity for American workers to hold on to their jobs will automatically increase the price of goods or reduce the quality of goods for American consumers. There may be a kernel of truth in this myth if the limitation on foreign goods is carried to an extreme. It is true that foreign goods provide competition with American produced goods in both price an quality. That competition forces American producers to hold down the wages they pay American workers. It forces them to bargain aggressively for the lowest possible cost for the materials they buy. It presses them to use their ingenuity to increase the production they get for every hour of work they have to pay for.

Of course, in a country the size of the United States with our strong antitrust tradition, domestic, U.S.-based competition in most industries is already intense. Foreign competition can play a helpful part. But how much of the market is necessary for this competition to work? In autos, foreigners already have 20 to 30 percent of the market and their share is rapidly growing. Is not that 20 percent to 30 percent enough, in addition to the domestic competition, to hold down prices and require high qaulity?

In textiles, foreign imports absorb even more of the market. The foreign share varies from 40 percent to 60 percent. That should certainly be more—much more—than enough to provide the kind of equality and price competition to keep domestic producers on their toes. The textile industry, after all, is an extraordinarily competitive domestic business even if foreign imports were totally excluded, which no one advocates.

How about shoes? In that industry, foreigners this year will take literally three-fourths—Mr. President, 75 percent—of the entire market. Can anyone sensibly argue that this much of an invasion of the American market is necessary to hold down price and to provide quality? It is absurd.

Finally, the free-market myth carries along still another myth. It is the notion that if the United States moderately and selectively limits access to its markets by foreigners it will kick up a storm of retaliation against American goods that we sell overseas. This myth might have had some force 10 years ago. But today? Take Japan. Last year, this country exported $23.2 billion of goods to Japan. How much did we import to balance off that $23 billion of exports? We imported from Japan $60.4 billion.

Dwell on those figures for a minute. And let me translate it into jobs. Last year, we sent to Japan exports that required 575,000 jobs, at $40,000 per job. They sent back to us imports that required 1,500,000 jobs to produce. This trade, in effect, cost the United States a net of nearly a million jobs. If the United States cut this import volume from Japan in half and the Japanese reciprocated tit for tat, the United States would lose less than 200,000 jobs and gain 500,000 jobs. That means Japan would lose more than twice as many jobs as it gained.

This general bargaining relationship applies for whatever level of limitation on Japanese trade the United States wishes to apply. And the Japanese must know it. If they do not know it, they would quickly find out if the United States applies its limitation on Japanese imports. Consider the overwhelming bargaining strength of the United States. If the United States cuts 10 percent of the Japanese imports and the Japanese retaliate equally, the United States loses 57,500 jobs. It gains 150,000 jobs. If the United States cuts out Japanese imports entirely, the United States loses 575,000 jobs. It gains 1,500,000 jobs. What we gain the Japanese lose.

Will the Japanese retaliate under these circumstances? Of course they will not; they cannot. Obviously any retaliation will cost the Japanese a sure loss of jobs. It will hand America a sure and certain gain of jobs.

So, Mr. President, the myth of the day is that free trade is the general practice in the real world of international trade. It is not. The corollary myths are also a costly illusion.

One corollary myth is that virtually unlimited imports are necessary to reinforce feeble domestic competition in the U.S. economy that is also a widely held fallacy. We have vigorous competition in our economy.

Finally, the myth that a moderate and temporary restraint on imports will provoke a far more costly retaliation by our foreign trading partners that the United States can only lose has no merit whatsoever. Exactly the opposite is true. Retaliation against a country like the United States with its overwhelmingly adverse trade balance is virtually impossible.

## MIGRATORY GENOCIDE

Mr. PROXMIRE. Mr. President, the Soviet occupation of Afghanistan poses a grave threat to the Afghan people and to the regional stability of southern Asia.

At present, the Soviet Union maintains an expeditionary force of more than 115,000 troops in Afghanistan. The troops control the cities, airbases, and other strategic points. This army has an array of lethal weapons ranging from helicopter gunships to highly maneuverable fighter-bombers.

The Soviets have adopted an unrestrained policy of "migratory genocide" in Afghanistan. They are attempting to kill or force into exile everyone they suspect of supporting the resistance fighters, known as the mujahideen.

By slaughtering innocent people, bombing farms, killing animals, and wrecking fragile irrigation systems, the U.S.S.R. is trying not only to force the local people into obedience, but also to destroy completely the economic and social structure of more than 80 percent of the country.

According to a member of the Swedish Committee for Afghanistan, headquartered in Pakistan, "The Russians are turning every region that does not bend to their will into a wasteland."

Unfortunately, Soviet tactics are succeeding. Between one-quarter and one-third of the prewar population of Afghanistan has fled the country. Countless other refugees have hidden

in the mountains. Although reliable statistics are virtually nonexistent, experts believe that hundreds of thousands of people have died as a direct result of the occupation.

American protests have accomplished nothing. The Soviet Union merely ignores or denies our allegations of genocide. The Kremlin throws our accusations back at us, saying that the United States is the country which favors genocide.

The Soviet attempts to shift the blame are successful, because other nations look at the record. They see that while the Soviet Union ratified the Genocide Convention over 30 years ago, we have yet to do so.

We must remove this propaganda weapon from the hands of the Soviets by ratifying the treaty, thereby focusing the world's attention on the atrocities occurring in Afghanistan. Then, and only then, will we legitimately be able to fault the Soviets for committing migratory genocide.

## WISCONSIN AIR NATIONAL GUARD WINS AGAIN

Mr. PROXMIRE. Mr. President, I have just been notified that the 128th Tactical Fighter Wing of the Air National Guard, which is based in Madison, WI, has again won the A-10 weapons loading competition.

The Madison unit has been entered in the competition for the past 3 years since converting to the close air support A-10 aircraft and has now won the top award 2 years straight. No other Air National Guard unit has won more than once. The competition was tough, but our 128th beat out units from New York, Connecticut, Massachusetts, and Maryland.

The Wisconsin National Guard has a long and proud history and I am pleased that our Air Guard is still recognized as the best in the Nation.

## ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business not to extend beyond the hour of 12 noon, with statements therein limited to 5 minutes each.

## ACHIEVEMENTS OF BLACK MEMBERS OF THE ARMY AIR CORPS IN WORLD WAR II

Mr. THURMOND. Mr. President, it is a pleasure for me to pay tribute to the black airmen who heroically served our Nation in the European theater in World War II. For the benefit of my distinguished colleagues and our country, I would like to mention some of their achievements.

### THE 99TH PURSUIT SQUADRON

Mr. President, records show that the pilots in the all-black 99th Pursuit Squadron proved themselves in a positive way in the European theater in World War II. These brave pilots of the 99th Squadron were trained at Tuskegee Institute in Alabama.

The first combat assignment of the 99th Squadron came on June 2, 1943. The operation called for the squadron to be wingmen on a strafing mission against the heavily fortified island of Pantelleria, near Italy. Following several days of strafing and bombing, the enemy forces of the island surrendered on June 11, 1943.

On July 2, 1943, six 99th Pursuit Squadron pilots were assigned the role of escorting 16 B-25 bombers, whose mission was to bomb the Castelvetrano Airfield on the island of Sicily. Just after the bombs were dropped, two enemy aircraft attempted to attack the bombers, but the 99th pilots intercepted them. One of the enemy aircraft was shot down, and the other turned and faded into the distance. Not a single bomber was lost on this mission.

Mr. President, until the end of the war in Europe in May 1945, the 99th Pursuit Squadron protected bombers on flights all over the Continent of Europe, specifically including the countries of Greece, Hungary, Romania, Austria, Poland, Italy, and Germany. Part of the Tuskegee airmen's pride was the fact that they did not lose any bombers on their escort flights.

For the record, Mr. President, I would like to list some of the sacrifices and heroic achievements in combat of black airmen in Europe in World War II:

### COMBAT RECORD OF BLACK AIRMEN

#### ENEMY PROPERTY DESTROYED

111 aircraft (in the air), 150 aircraft (on the ground), 16 barges and boats, 58 box cars and other rolling stock, 57 locomotives, 1 radar installation, 2 oil and ammunition dumps.

#### ACTION IN FLIGHT

1,578 grand total of missions flown, 15,533 grand total of sorties flown, 992 pilots graduated at Tuskegee, 450 pilots sent overseas, 66 killed in action.

#### AWARDS

1 Legion of Merit (military award conferred by the President), 1 Silver Star (by the United States for gallantry in action), 2 soldier medals (by U.S.—decoration for bravery—risk of life), 8 Purple Hearts (by U.S.—wounded in action), 150 Distinguished Flying Crosses (by U.S. for heroism or exceptional service in aerial combat), 14 Bronze Stars (by U.S. for valor, decoration for courage), 740 air medals and clusters (by U.S. for meritorious achievement while flying).

### A SOUTH CAROLINIAN IN BLACK HISTORY

South Carolina is proud that one of its natives taught and trained the pilots of the 99th Squadron at Tuskegee Institute. He is Mr. Ernest Henderson, Sr., a native of Laurens County, SC. At the age of 25, Mr. Henderson became a proficient civilian pilot and flight instructor in the Army Air Corps. He had the distinct privilege of being a flying mate of the late and famous Gen. Daniel "Chappie" James, Jr., at Tuskegee Institute, AL, in the 1940's. They flew the same airplanes from the same airport and had the same flight instructors during the early years of their careers in aviation.

Flight Instructors Henderson and James both completed the Civilian Pilot Training Program under Chief Charles A. Anderson at Tuskegee Institute, and both were employed as flight instructors in the Army Air Corps Aviation Cadet Program. In 1943, when Daniel "Chappie" James, Jr., entered the program as a cadet, Ernest Henderson was retained at the flying school at Tuskegee as a flight instructor, although he wanted to enter the Cadet Program. He soon attained the position of assistant squadron commander, a position in which he gave flight tests and flight examinations to cadets seeking graduation. Mr. Henderson trained on the average of 20 cadets a year who entered aerial combat in the aforementioned famous, all-black, 99th Pursuit Squadron which made history in the European theater in World War II.

Mr. Henderson was the first black man from the State of South Carolina to have a commercial pilot license and hold ground instructor, flight instructor, and instrument ratings. In the years following the war, Ernest Henderson became a great leader and educator in my State. South Carolinians are extremely proud of Ernest Henderson, who has been an active leader throughout his life in church, education, community, State, and national affairs, especially in national defense matters.

An article, by Sue Ellis in the State Newspaper in Columbia, SC, entitled, "From Plow to Plane—Retired Educator Broke Ground in Aviation," eloquently presents the life story of Ernest Henderson's climb from the bottom to the top of the ladder of success.

Mr. President, I ask unanimous consent that this fine newspaper article about Mr. Ernest Henderson be published in the CONGRESSIONAL RECORD.

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

"FROM PLOW TO PLANE," NEIGHBORS SECTION, THE STATE NEWSPAPER, COLUMBIA, SC

(By Sue Willis)

Ernest Henderson's childhood fascination with soaring in the skies not only unexpectedly materialized into a career, but also came to cast him in a vital role in breaking the codes of prejudice that gripped World War II America.

Henderson, now a retired educator living in College Place, was a top man in a World

War II experiment to prove what a black man could do in the cockpit. It was an experiment that came out with "flying colors," as he puts it. Henderson, in more than one way, soared to unexpected heights.

"When I was 15 years old, up in Laurens County, working on the farm, picking cotton, hoeing corn, working behind a plow, once a month I would see a little yellow plane fly overhead.

"I would say to the mule, 'whoa,' and he would stop, and I would watch the little plane until it faded off in the distance. At that time I didn't realize that 10 years later I would be an instructor in a similar plane, teaching others to fly who became a part of the 99th Pursuit Squadron at Tuskegee.

"I didn't dream at that particular time that I would ever become a pilot. If I had dreamed it, it would have been an impossible dream, I would say."

He grew up in a family of 10, had to sell produce from the farm to pay tuition to Bell Street High School in Clinton during the Depression. But he did it and graduated with highest honors.

In college, he worked hard to pay his way, selling vegetables, working in the school kitchen, picking up bottle refunds, his wife, Ophelia, said.

Henderson has great tales to tell, of course: how they found a plane could fly itself when a pilot accidentally left the throttle open when he started the plane and left it unattended; how a maneuver he taught on propeller planes outwitted the German jets.

But when he tells his aviation exploits to classrooms of youngsters he visits these days, he shows a drawing of the crude log cabin he grew up in and even cruder schoolhouse he was educated in. "I just mention this because I want to let the youth know today that if I could come up through this type of situation from a plow to a plane, they should be able to make much greater achievements."

But the deck stacked against Henderson wasn't just economics. Attitudes, even laws, of the country at the start of World War II doubted the ability of a black man to fly a plane. The armed forces refused to allow black men to receive pilot training. Segregation threatened to head off men like Henderson who had the desire to serve their country at the throttle of a plane.

At Hampton Institute in Virginia, Henderson was studying business administration when piloting fell to him as a career.

"While there, people began to look forward to an impending war. War was brewing in Europe, and many pilots began to be trained. Six black colleges began training civilian pilots," he said. Hampton was one of them, and Henderson took advantage.

The civilian training was an experiment in its first stages. It proved a man's ability to fly was independent of his race, but even then, when the defense department decided to set up the all-black 99th Pursuit Squadron at Tuskegee Institute in 1941, it was still dubbed an experimental project and did not erase separation.

Henderson quickly plays the problems down, though. "Of course we had to come up under some segregation rules back in those days, but we weren't too concerned about that because we were trying to prove one point—that we could fly . . . we wanted to be a part of the air forces to protect the country. We weren't going to let anything stop us—segregation, discrimination, anything. It wasn't going to hold us back. We just overlooked that type of thing just to get to serve the country."

At Alabama's Tuskegee Institute, he progressed in his training until he became a top flight instructor, chosen assistant squadron commander of the primary training segment of the program. He was one of a few men asked to stay behind to train pilots for the European war.

Henderson had a desire to fly in combat, but, he explained, "at Tuskegee they persuaded me to remain as a trainer." They convinced him that he could serve the country more by training a squadron of good pilots than by going out himself as an individual flyer.

"I think they wanted me there because I was more or less a conservative pilot. I did not drink alcoholic beverages so they nicknamed me Pepsi-Cola Henderson."

"Also, he was called Ernie, the Pride of the Primary," Mrs. Henderson bragged. "It was written all over his helmet."

More than his teetotaler habits, Tuskegee coveted his expertise which was reflected in the credentials he had accrued by that time. He was the first black man from South Carolina to have a commercial pilot's license and hold ground instructor, flight instructor and instrument ratings. Even when still in flight training himself, when a group of civic organizations visited Tuskegee field, Henderson alone was chosen on the spur of the moment to give the folks an air show.

Henderson described the maneuvers, acrobatic and combatative, that he taught, the extensive background in academics needed to fly, and the fact that he had to teach his 99th cadets to be not just good, but better.

"We had to be better than the white pilot," he said. The black pilot had to prove himself. Even overseas they were kept as a black unit, "but when they found they would protect those bombers better than some of the others, then they integrated. They were glad to see those black pilots out there," this ace-pilot explained.

Henderson trained cadets for the squadron up to the last day of the war. After that, the Tuskegee base was turned into a civilian flight training corporation, with Henderson as treasurer. His instructing continued there for four years, and when in 1949 he came to Columbia, he organized the Black Eagles and taught pilots here. Since then he has been a businessman and teacher, assistant principal, and counselor at W.G. Sanders, formerly Fairwold, and Crayton Middle Schools.

All his 68 years of hard work and varied experience have left few gray hairs. His physique is trim and his demeanor energetic. He is still able and eligible for his aviator's license.

In his talks to young people, Henderson's message comes through clearly—reach for the heights, ignoring setbacks.

Henderson's own children are fruits of his creed. One is an international opera singer, one a master teacher, another a lawyer.

From a plow to a plane, Henderson has seen the result of his labor and so has his country.

## AMBASSADOR KIRKPATRICK ON "NICARAGUA'S U.S. LAWYERS"

Mr. DENTON. Mr. President, I call the attention of my colleagues to a column by Ambassador Jeane J. Kirkpatrick, which appeared in today's edition of the Washington Post. Ambassador Kirkpatrick addresses the interesting, and disturbing, situation created by the fact that United States lawyers and witnesses are presenting Nicaragua's case before the International Court of Justice, known as the World Court.

As Ambassador Kirkpatrick points out, the World Court is hardly an impartial judicial body, and it can hardly be expected to consider the issue objectively and fairly. Moreover, she points out that the Americans involved appear to be less interested in determining facts and providing justice than they are in influencing U.S. policy.

We should also note that at least one of the witnesses is a recent employee of the U.S. Government in a position in which he had access to very sensitive information. Another witness is, by his own admission, responding to what he describes as "a responsibility to make available relevant information in his possession," although the source and nature of that responsibility is not at all clear.

There appears to be nothing illegal about the activities in question. Nonetheless, there are serious questions of judgment involved. I have heard from several constituents who are offended by the spectacle of American citizens arguing against the United States before a tribunal with, at best, dubious authority to sit in judgment, and apparently doing so for pecuniary gain.

Ambassador Kirkpatrick's reasoned argument should give us food for serious thought. We need to consider whether the interests of our country and its people are truly served by a process by which, as she says, "more and more actual and potential adversaries are invited into our political process," without distinction and on the basis of a presumed moral equivalence.

Mr. President, I ask unanimous consent that the text of Ambassador Kirkpatrick's article, "Nicaragua's U.S. Lawyers," be printed in the RECORD.

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

NICARAGUA'S U.S. LAWYERS

At the Hague, Nicaragua's case against the United States' government continues to display some unusual characteristics.

It is the first time—old hands say—that lawyers and witnesses have opposed their own country in the World Court. The court, after all, deals with issues between governments, not persons. Heretofore, governments have relied on their own nationals to represent them and citizens have supported their governments. Now, Managua is accusing the United States of major violation of international law for organizing, funding and directing the anti-Sandinista forces (the contras), and for mining Nicaragua's ports.

To press its case against the United States government inside the International Court of Justice, the government of Nicaragua has retained an international team headed by Americans and has called American witnesses to support its case. This development is the more interesting because of the issues

involved and because one of the Americans representing Nicaragua is Abram Chayes, a Harvard law professor who served as top legal adviser to the State Department during the Kennedy administration, and one of the American witnesses, David MacMichael, held a top-secret clearance as a contract employee of the CIA as recently as 1983. The other American witness is Michael J. Glennon, a professor of law at the University of Cincinnati.

The United States is refusing to participate in the proceedings on grounds that the issue before the court is not a narrow or technical legal question but U.S. policy toward Central America and more specifically toward Nicaragua. Such political questions are not deemed justiciable by United States courts and have heretofore not been seen as falling within the jurisdiction of the World Court. The issue, U.S. attorneys insisted, "is an inherently political problem that is not appropriate for judicial resolution." This gives the unprecedented role of the American lawyers and witnesses on the Nicaraguan team an additional political dimension. What are they doing there?

Prof. Glennon claims that he is "acting in the highest tradition of the American people" and that he had "a responsibility to make available relevant information in his possession." However, he does not explain how he acquired the responsibility or to whom it is owed.

It is possible that the attorneys believe that representing Nicaragua before the World Court is no different from representing an accused criminal before an American court. But it seems unlikely given the broadly political character of the issues involved.

It is also possible that the American's involvement on Nicaragua's team is simply one more affirmation of the American faith that political problems between nations can be settled by supranational judicial means. However, this too is likely.

Real naivete is required to believe that the International Court is today a nonpolitical body. Its judges loosely "represent" the world's various political and regional groups. They are nominated by the U.N. Security Council and are elected by one of the world's most political bodies, the General Assembly of the United Nations. Fewer than one-third of the nations of the world accept the court's jurisdiction. Almost all of that one-third have filed reservations limiting jurisdiction. On nontechnical questions, the court's views broadly reflect the politics of the General Assembly.

But if Chayes and his colleagues do not believe that the World Court can be counted on to function nonpolitically, what then are they doing?

I believe that they along with the Nicaraguan government are seeking to change U.S. policy and that they regard their appearance before the court as a legitimate act to that end. Chayes said as much when he noted that U.S. policy toward the Sandinistas is "under continuous discussion" and that an "authoritative statement" by the court could affect the debate (The Washington Post, Sept. 8, 1985). What should the rest of us think of this form of political action?

We regard it as legitimate for Americans to represent a foreign government's interests in Washington, provided that they register as agents and otherwise obey our laws. But the Washington lobbyist for a foreign government seeks to influence American policy directly as it is being made, while counsel and witnesses for Nicaragua cooperate with a foreign government to undermine the legitimacy of existing U.S. government policies. They do this in the name of "higher" loyalties that presumably override a citizen's obligation to support decisions made through normal democratic processes. Glennon invokes these "higher" values when he claims to act in the "highest tradition of the American people."

Does such a tradition exist?

We may be in the process of forging one. Traditionally, citizens of a democracy have a right to participate in making policy and an obligation to accept the resulting decision. Acceptable political behavior in a democracy has not featured collaboration with foreign powers in the policy process. However, the boundaries of acceptable political action and of dissent were stretched during the Vietnam war by those who marched under the Viet Cong flag and worked on North Vietnam's behalf. Boundaries are being stretched again in the Hague. And elsewhere.

More and more actual and potential adversaries are invited into our political process—Hezbollah hijackers, Sandinista ministers, Soviet spokesmen, whomever. We have put our foot firmly down on a slippery slope where distinctions between one's country and its adversaries, citizen and alien, loyalty and disloyalty fade and disappear. And any side is made to seem roughly equivalent to any other. It is all relative.

Or is it?

In the effort now under way at the Hague, the government of Nicaragua seeks to deprive the United States of control over important aspects of its foreign policy. It is curious that such a course would appeal to Americans.

## JODY BALDWIN

Mr. ARMSTRONG. Mr. President, more than a quarter century ago, a young lady by the name of Joan Baldwin came to work at the Senate of the United States. Under the auspices of Senator Styles Bridges of New Hampshire and Bourke Hickenlooper of Iowa, she learned the legislative ropes at the Republican Policy Committee before joining the staff of Senator Len Jordan of Idaho. That was the foundation for a remarkable career in the Congress, which continued, with digressions for family and other matters, until a few weeks ago.

It would not be accurate to say that Jody Baldwin has retired from the Senate; she is simply no longer on its payroll. As a consultant in private service, she remains with us as ever, meeting, educating, advising, and sometimes correcting in that special way of hers that sets a person straight by convincing them they were right all along. This, then, is not a farewell but an acknowledgment—to recognize a job well done.

And what a job it has been. Jody was here during the nadir of the Republican Party, when its members were few and its hopes seemed fewer. She was a member of that bold company of determined conservatives who tried, in the Presidential campaign of 1964, to turn their country away from a course it would later sorely regret, a course marked by tragedy abroad and fiscal and social chaos here at home. And if the outcome of that campaign was a serious disappointment to her, it must have made all the sweeter the vindication of its principles that came in President Reagan's landslides of 1980 and 1984. That was a long time to wait, but Jody has the sense of history of her Virginian ancestors. Twenty years is not too long an effort to set the Nation back on the right course.

As legislative director for Senator Jim Pearson of Kansas, as an official at the Department of Health, Education, and Welfare from 1971 to 1973, and finally as a member of the staff of the Senate Republican Policy Committee, Jody has been at the center of public policy. Scarcely an issue has escaped her analysis. But the work of which she has been most proud has been institutional, rather than political. She joined the policy committee, under Senator John Tower of Texas, to initiate its legislative notice, a meticulously impartial analysis and condensation of every bill and most amendments coming before the Senate. The notice quickly became an indispensable tool for Senate legislative assistants, who could rely upon its fairness and accuracy, and for Senators too, who could turn to Jody, seated in her customary chair at the side of the Senate floor, for an always reliable summary of the parliamentary situation and the legislative options at hand.

It was not surprising that the Senate's Democratic leadership soon followed Jody's example by beginning their own version of the legislative notice. And this most sincere form of flattery has strengthened the ability of the Senate to deal with the tremendously increased workload of recent years. That, of course, has been just one of many institutional changes Jody has witnessed in the course of her career here; and not all of them have been for the better. She was—and remains—a student of the Senate's rules, a parliamentary expert who knows that this deliberative assembly must live by scrupulous adherence to those rules, or else it will perish in the violation of them. No history book will ever note the many occasions when Jody was here on the floor, defending those rules against transgressions deliberate or accidental, explaining to Senators the significance of this faulty ruling or that noxious precedent. But let us set this accolade here in the record of the Senate: Because of a handful of men and women like Jody, faithful to this institution beyond ties of party or politics, minority rights are still protected in its rules, open debate is still assured to dissenters, and the procedures of democracy are still more important than the pressures of business.

I should mention that, in the course of her challenging career, Jody has also been Mrs. Donald Baldwin: wife, mother, homemaker, leader in church and community. Today, some would refer to that as "having it all." In her case, it is more like "giving it all," giving of her time and talent and never running out of either. Government today is invigorated by the presence of women as candidates, officials, and activities. Long before that became fashionable, Jody was showing that excellence and dedication can overcome all obstacles.

The last two Republican platforms bear her imprint, for she was part of the team that prepared the drafts. Indeed, in Dallas in 1984, she was a familiar presence during the televised proceedings of the GOP's Committee on Resolutions, the person to whom delegates came for advice and suggestions on everything from parliamentary procedure to the drafting of amendments. One might say it was a familiar job in a different setting.

Now, however, she will be doing a different job in a familiar setting; and it's good to know she will still be participating in our legislative process, albeit as a private party. As chairman of the Republican Policy Committee now, I hold a post that goes back to Senators Hickenlooper and Bridges and others before them. Jody Baldwin has been a remarkable thread of continuity, of tradition, of consistency through an era of dizzying change, when too much of the old was hastily abandoned and too much of the novel was recklessly adopted. In such times, those who can put things into broader context give us the solid foundation from which we can build a sounder future.

Her many friends and colleagues will honor her at a reception here in the Capitol—Senate side, of course—this week. But immediately thereafter, it will be back to business: the business of the Senate of the United States, to which Jody Baldwin has given so much and of which she remains a welcome part.

## THE COLLECTIVE BARGAINING RIGHTS OF PROFESSIONAL MUSICIANS

Mr. MATSUNAGA. Mr. President, I rise to join the distinguished senior Senator from Rhode Island [Mr. PELL], in calling to the attention of the Senate the plight of professional musicians who have been denied their right to bargain collectively with their employers. Together, with 12 other Senators, I am a cosponsor of legislation introduced by the distinguished Senator to provide coverage for such musicians under the Taft-Hartley Act to restore to them rights which they had enjoyed for many years.

In my opinion, it is most appropriate to discuss this matter today during the observance of the 20th anniversary of the National Foundation on the Arts and Humanities Act, for musicians throughout the country strongly supported the enactment of the original legislation 20 years ago and have been instrumental in its success.

On the face of it, it would seem that the hotel, restaurant or nightclub which hires professional musicians to play for customers, and determines when the musicians will work, what selections they will play, what they will wear, and in some cases what they will do during their breaks would be considered the employer of the musicians.

In fact, the employer-employee relationship was well established, but musicians were not covered under the Taft-Hartley Act when it was originally enacted in 1947—although they probably could have been—and they were not included under the act's coverage when it was extensively amended in 1959. During the entire 12 years, no questions arose about who was actually the employer of the musicians.

The musicians' problems began years later and culminated in the 1970's in hundreds of unfair labor practice charges. As a result, the National Labor Relations Board determined that because of the "temporary and casual nature" of their employment, musicians were not entitled to bargain collectively with the management of the hotels, restaurants and nightclubs which employ them; and, in 1979, management, in the Commonwealth of Puerto Rico, simply refused to continue negotiating with the representative of the musicians, an affiliate of the American Federation of Musicians. This decision was upheld by the Second Circuit Court of Appeals and, since then, musicians in Puerto Rico have been unable to negotiate issues such as salary and working conditions with the hotels and casinos where they are employed.

A year ago, in September 1984, hearings were held on this matter by the Subcommittee on Labor of the Senate Labor and Human Resources Committee. Testifying in behalf of musicians, Victor W. Fuentealba, president of the American Federation of Musicians, observed that:

> Music is the universal language, and there is not a family today without at least one member who plays a musical instrument. The caliber of musicianship is improving day by day and more and more youngsters are looking forward to careers in music.
>
> Our ability to protect their interest, to (prevent) exploitation and to enable them to earn a decent livelihood is hampered by the current law. The relief we are seeking is not a major revision of the Taft-Hartley Act, but merely changes which will afford the professional musician the right to have a representative of his or her choosing to negotiate with those who wish to utilize their services.

Mr. President, I believe that the relief sought by the musicians is appropriate and would merely restore an employer-employee relationship which existed for many years. Legislation to provide such relief has been the subject of hearings and is once again awaiting consideration in the Labor Subcommittee. As a music lover myself, and as one who is very much concerned about the future of young musicians and other performing artists, being the father of two of them, I wish to add my voice to that of Senator PELL in calling for early action on S. 670.

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.

## RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. The quorum call is dispensed with.

Under the previous order, the hour of 12 noon having arrived, the Senate will now stand in recess until the hour of 2 p.m.

Thereupon, the Senate, at 12 noon, recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. DENTON].

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

## ORDER OF PROCEDURE

Mr. DOLE. Mr. President, earlier in the day we set aside the special orders of Senators GOLDWATER and NUNN because they wanted to speak at 2 o'clock. I ask unanimous consent that they may each have not to exceed 15 minutes for any purpose.

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

Mr. DOLE. Following that it is my hope to move to the imputed interest conference report. I understand the distinguished Senator from Ohio will be willing to do that. He may have to absent himself for a Budget Committee meeting, but at least we will get the imputed interest conference report up at 2:30, and then some may want to talk about it. There is still hope we can have an appropriations bill this afternoon.

That is sort of the schedule for the balance of the day.

Mr. GOLDWATER addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

## CONGRESSIONAL OVERSIGHT OF NATIONAL DEFENSE

Mr. GOLDWATER. Mr. President, for more than 2 years, the Senate

Committee on Armed Services has been studying the organization and decisionmaking procedures of the Department of Defense and the Congress. This fully bipartisan effort was started by Senator John Tower and the late Senator Scoop Jackson while they were serving as the chairman and ranking minority member of the committee. They recognized that there were very serious problems in the organization of the Department of Defense and that something had to be done about it.

Senator NUNN and I share that belief and therefore at the beginning of 1985 redoubled the effort. In May, we formed a Task Force on Defense Organization. Reflecting the bipartisan spirit of this undertaking, Senator NUNN and I jointly chair this task force. We are joined on the task force by Senators COHEN, QUAYLE, WILSON, GRAMM, BINGAMAN, LEVIN, and KENNEDY.

The task force has underway a systematic review of these problems. We assigned certain staff to work full time on these issues and directed that they prepare a comprehensive study on the problems and to make recommendations on ways to solve them. That study will be released shortly. The findings and recommendations of the staff study have not been formally endorsed by the task force, but they will provide the foundation for our legislative proposals. I urge my colleagues in the Congress and all concerned Americans to read the study. You will be shocked at the serious deficiencies in the organization and procedures of the Department of Defense and the Congress. If we have to fight tomorrow, these problems will cause Americans to die unnecessarily. Even more, they may cause us to lose the fight.

Mr. President, there is insufficient public awareness of these problems, and therefore over the next few days, Senator NUNN and I will make a number of floor statements on the major deficiencies in the organization and decisionmaking procedures of the Department of Defense and in congressional review and oversight of the defense program. Hopefully, these statements will begin to inform people of the seriousness of these problems and of the need for a determined effort to find and implement effective solutions.

Mr. President, the inability to solve these problems is not due to a lack of attention or a failure to have the issues examined by the most experienced and learned experts. At regular intervals during the past 85 years, these issues have been vigorously addressed by highly capable and well-intentioned individuals, both from the public and private sectors as well as from civilian and military life. It is both the extreme complexity of the Department of Defense and its inherent organizational resistance to change, particularly in the military services, that has served to frustrate previous efforts.

In the upcoming speeches, both Senator NUNN and I will discuss various problems within America's military establishment. We will be blunt, critical and candid in describing the problems in the Defense Department. I would like to state clearly that the work of the Committee on Armed Services and the statements that Senator NUNN and I will make are not a direct criticism of the current administration or any previous administration. We also are not pointing the finger of blame on any current or past civilian or military official of the Department of Defense. The problems currently plaguing the U.S. military establishment have been evident for all of this century. Indeed, many of them first emerged during the Spanish-American War.

Before we criticize the Defense Department, I believe we have to be just as blunt and candid about the way the Congress deals with national defense issues. Congress is compounding the problems in the Department of Defense, and major changes in the way we conduct our business are long overdue.

Thus, this first presentation is on Congress and the way it provides guidance and oversight for national defense. I intend to discuss the changes that have occurred during the past 30 years in the Congress and the impact that these changes have had on congressional oversight of the Department of Defense. Senator NUNN will discuss some of the underlying problems that we will have to come to grips with if we are to implement any solutions.

DOMINANCE OF THE BUDGET PROCESS

Mr. President, I believe one of the most pressing problems we face today is the overwhelming nature of the annual budget process which includes the budget resolutions, the authorizing and appropriations legislation. The budget process dominates the agenda of the Congress and is seriously degrading the quality of congressional oversight of the Defense Department. I am the first to say that Congress needs an effective method for fiscal control. No one can deny that approving a Federal budget is an important obligation of the Congress. The 1974 Budget Act provided for the first time the ability to spotlight the Federal budget and to provide broad guidelines on spending priorities. Congress needs that capability and should shoulder that responsibility. But I do not believe the 1974 act requires the chaos we have today.

When it was adopted 10 years ago, the budget act was designed to provide that spotlight and control with a minimum disruption of the traditional congressional process. Instead, the budget resolution process has come to dominate the legislative agenda and crowd out substantive policy review. The budget process creates an especially difficult situation for the authorizing committees, including the Armed Services Committee. Determining budget priorities has become a major legislative struggle every spring. We rarely get a budget resolution until the first or second week of May. Therefore the Armed Services Committee must review the details of the annual budget submission without final guidelines on the level of spending the Congress is likely to permit. In each of the last 3 years, the Senate Armed Services Committee reported a defense authorization bill that proved higher than the Senate was prepared to support, requiring a complex and disruptive process of adjusting the bill.

BUDGET PROCESS PINCHES AUTHORIZATIONS

The budget process is pinching the authorization process in two ways. First, the budget process is the first of the three steps—budgeting, authorizing, and appropriating—taken annually by Congress on the budget. Because the budget cycle comes first in the sequence, Congress ends up debating the wrong issues on the wrong bill. Traditionally, authorizing committees, each with substantive expertise, have provided the policy review for the Congress. The budget process is supplanting that review and also forcing Congress to debate the wrong questions.

We now spend days debating how much real growth we will give DOD instead of what it takes to defend U.S. interests against threats to those interests. The level of spending is decided without going through a careful analysis of our defense objectives and defense requirements. The key national security issues are barely touched in a superficial discussion of defense spending. The budget process distorts the nature of congressional oversight by focusing primarily on the question of how much before we answer the key questions of what for, why, and how well.

The second problem caused by the dragging out of the budget process is that it drives us to use continuing resolutions. There is not sufficient time in a session any more to adopt a budget, approve the authorization, and enact an appropriations bill. Consequently, Congress increasingly must resort to continuing resolutions frequently just as the fiscal year is beginning.

Continuing resolutions disrupt stable long-term planning in DOD. They force the Department to begin each fiscal year without knowing the level of funds it has available or the limitations placed on those funds. For example, we just approved a continuing resolution to carry us 45 days into fiscal year 1986 because we have not

passed either an authorization or an appropriation bill. That continuing resolution limits spending to the levels of fiscal year 1985. This effectively means that there can be no increase in production rates on some weapon systems which would help lower unit costs. Presumably, when the appropriation is passed later this fall, DOD will be authorized to increase production rates, but it may be too late in the year to do so in a reasonable manner. In short, continuing resolutions are a poor way to run the Defense Department.

CONTINUING RESOLUTIONS ARE POOR PUBLIC POLICY

Also, dependence on continuing resolutions is poor public policy. Continuing resolutions short circuit the normal legislative process. They prevent Senators and Representatives from holding a careful and deliberate review of spending plans. Last year was the worst example of this abuse. The Senate spent 10 days debating the fiscal year 1985 authorization bill. Some 107 amendments were considered during the course of the debate. In the House, 6 days were consumed start by debate, during which some 52 amendments were considered. The actual legal spending authority for the Department of Defense, however, was contained in a continuing resolution that was never debated on the floor of either the House or the Senate and was buried in the middle of an omnibus continuing resolution. It was done at the last minute and no one had the opportunity to challenge the provisions in that bill on the floor. This may be the preference of a handful on the Appropriations Committee but, essentially, we were put in this bind because the budget resolution was not agreed upon until the waning weeks of the fiscal year.

In summary, the budget process is consuming much more than the first half of the legislative year and is the primary cause of continuing resolutions which short circuit the second half. There is no doubt that changes must be made in the congressional budget process.

DUPLICATIVE COMMITTEE REVIEWS

Compounding the yearlong review of the budget cycle is the increasing duplication of activity among committees. All three steps in the legislative cycle—budgeting, authorizing, and appropriating—are assigned to separate committees. The three functions are supposed to be complementary, but, in fact they are in large part redundant. The Constitution clearly intended that there be some duplication by creating two different chambers of Congress. But this duplication is out of control. In practical terms, Congress has to approve a defense budget three times each year and each time we make changes from the earlier direction.

For DOD, the situation has become a nightmare. DOD witnesses now have to testify as many as six different times before six different committees of primary jurisdiction. Six committee staffs are now writing questions for the record. More and more other committees and Members of Congress claim jurisdiction over DOD policy. More and more legislation affecting the Defense Department is reported from subcommittees with only the smallest interest in national security.

More important, committees develop their own unique priorities and approaches which frequently conflict with other committees' priorities and approaches. This creates an inconsistent and sometimes contradictory pattern of oversight. For example, last year the Senate Armed Services Committee gave a high priority to authorizing service requests for munitions and not cutting them in the face of budget pressures. By contrast, the House Armed Services Committee cut munitions levels. Ultimately, we worked things out in conference, but the compromises were not reached until late September, long after the services had to develop their budget submissions for the next fiscal year—1985. When they were working out their plans, half of Congress said buy more and half said buy less. What is DOD supposed to do in light of completely contradictory directions coming from the Congress?

These situations also offer opportunities for factions within the Defense Department to export their political battles to Capitol Hill. Last year, the Air Force and the Army decided to readjust certain missions. The Air Force decided to transfer seven helicopters used for special operations forces to the Army which operates over 10,000 helicopters. Certain offices in the Defense Department opposed to the transfer joined with the Congressman in whose district the seven helicopters were based to reverse the plan. Independent of the merits of the case, factions in DOD allied with a single committee in Congress to reverse a DOD position.

The three stages of the process, and the work of the three committees, is duplicative because of the blurring of jurisdictions among committees. In some instances, the jurisdictions between authorizing and appropriating committees has broken down entirely. Last year, substantial legislative provisions were incorporated in the appropriation bill. Nearly $3 billion was appropriated for which no authorization existed, violating the rules of both the House and the Senate. And there was no real opportunity to challenge these provisions on the floor since the committee-reported bills were incorporated into a last-minute continuing resolution.

Any change in congressional oversight has to include a realinement of jurisdictions and elimination of duplication so that the work of committees is indeed complementary.

CRITICAL TIME FOR CHANGE

We are at a critical time when change is absolutely essential. Congressional oversight of the Defense Department has degenerated into debate over the wrong issues and that irrelevant debate occurs more than once each year. Discipline in Congress has broken down. The discussion is becoming less substantive and balanced. As we direct that changes be introduced into DOD to improve overall national security, we must make change ourselves. I am casting the first stone and I am throwing it at our glass house here in the Congress.

I yield to my friend from Georgia.

The PRESIDING OFFICER. The Senator from Georgia.

CONGRESSIONAL OVERSIGHT OF NATIONAL DEFENSE

Mr. NUNN. Mr. President, Chairman GOLDWATER has given an excellent overview of the broad problems in Congress which have come to affect the way we review Defense Department programs and plans. Chairman GOLDWATER brings the tremendous insight of 25 years of experience in the Senate where he has witnessed these fundamental changes, and, of course, he also has the great advantage of having served an outstanding tour in the Air Force and in the Air Force Reserve. I have spent only half as much time in the Senate as my distinguished chairman but I share his observations and concern. Chairman GOLDWATER has discussed how defense oversight in the Congress has deteriorated. These speeches today will be the first of a series of speeches by Senator GOLDWATER and myself on the whole Defense Department. Today we are going to talk primarily about the role of Congress, because I think this is certainly one of the most significant problems we face, how Congress itself handles the defense budget.

ANNUAL AUTHORIZATIONS

Before 1959, most activities of the Department of Defense were authorized permanently, with the Appropriations Committee determining the level of funding required for the coming year.

All that changed in 1959 when Congress directed that all spending for the procurement of aircraft, missile, and ships be authorized each year prior to consideration of any appropriation. This began a steady process that has resulted in subjecting virtually the entire DOD budget to annual authorizations as well as the annual appropriation. As the chairman pointed out, the budget process is now overlaid on top of both.

I think the process of annual authorizations was a good one, but it has now gone out of control. Annual authorizations provide a strong lever to influence defense policy and provide broad oversight. Unfortunately, we have come to abuse that lever; as the old saying goes: "We have found the enemy and it is us."

The burdens of the annual authorization and appropriation process has produced two specific problems. It has led to the trivialization of Congress' responsibilities for oversight and has led to excessive micromanagement.

NO LONGER THE NATION'S BOARD OF DIRECTORS

The Constitution envisioned that the Congress would act as the Nation's board of directors on public policy issues. Congress was supposed to determine policy goals and set directions. In the defense arena, Congress was to set priorities for programs, not to execute them. Congress' role as the board of directors is eroding; rather, Senators and Representatives and their staffs are acting more and more like national program managers.

Last year the Congress made adjustments to over 1,800 separate programs in the Defense Department. It required reports that were 400-500 pages long to explain why we did what we did. In effect, the Members of Congress and the staff are focusing on the grains of sand on the beach, while we should be looking over the broad ocean and beyond the horizon.

I have been a member of the Armed Services Committee for 13 years. With the exception of the NATO debate last year, I cannot remember when we have had a floor debate on our national military strategy and how well we are doing in carrying out that strategy. We have not had a serious debate about the important relationship between our national objectives, our military strategy, our capabilities, and the resources to support that strategy. We all know that there are serious gaps in these important links. Gen. David Jones, former Chairman of the Joint Chiefs, recently stated:

> The mismatch between strategy and the forces to carry it out . . . is greater now than it was before because we are trying to do everything.

But we have not looked at alternatives which may be more appropriate for the day and the circumstances and the threat we face.

These are precisely the questions that Congress is supposed to consider: Do we have a strategy that achieves our national goals and objectives? Do we have the resources to meet these commitments and support the strategy? What alternative approaches might we adopt for overcoming the strategy-forces mismatch? Those are the questions that Congress should focus on.

Instead, we are preoccupied with trivia. Last year, Congress changed the number of smoke grenade launchers and muzzle borsights the Army requested. We directed the Navy to pare back its request for parachute flares, practice bombs, and passenger vehicles. Congress specified that the Air Force should cut its request for garbage trucks, street cleaners, and scoop loaders. This is a bit ridiculous. The current congressional review of the defense program would make a fitting version of the popular game "Trivial Pursuit." More and more, that is what we are engaged in. Our preoccupation with trivia is preventing us from carrying out our basic responsibilities for broad oversight.

CONGRESSIONAL MICROMANAGEMENT

The second effect of annual authorizations and appropriations is to invite micromanagement. The scope of this problem is unbelievable. Mr. President, I ask unanimous consent to have printed into the RECORD at this point a table prepared by the Secretary of Defense showing the growth of micromanagement by Congress.

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

KEY PROBLEM—MICROMANAGEMENT

| | 1970 | 1976 | 1982 | 1985 | Percent increase 1970–85 |
|---|---|---|---|---|---|
| Requested studies and reports | 36 | 114 | 221 | 458 | 1,172 |
| Other mandated actions for DOD | 18 | 208 | 210 | 202 | 2,022 |
| General provisions in law | 64 | 96 | 158 | 213 | 233 |
| Number of programs adjusted: | | | | | |
| In authorization | 180 | 222 | 339 | 1,315 | 631 |
| In appropriation | 650 | 1,032 | 1,119 | 1,848 | 184 |

Mr. NUNN. In 1970, Congress directed the Defense Department to conduct 36 studies. Last year Congress mandated 458 studies and reports of DOD. This is nearly a twelvefold-increase in a period of 15 years. We are also increasingly cluttering up the law with general legislative provisions affecting DOD. Last year, we imposed 213, a 233-percent increase over the level 15 years ago. The micromanagement problem is getting worse at an alarming pace. These are just a few of the examples of provisions contained in this year's authorization bill, and there are many.

It is now the sense of the Congress that the musical units of the Armed Forces must use U.S. manufactured organs and pianos when they provide entertainment for patriotic events. Our staff has nicknamed this the "Wurlitzer amendment."

Congress directed the Secretary of Defense to study the feasibility of selling beef, pork, and lamb products in the United States in overseas commissaries. We didn't direct him to evaluate how well DOD could meet our overseas military commitments, however.

Congress directed studies or reports on retirement benefits for Philippine Scouts.

Mr. President, I could go on and on with these. Each of these studies could be justified on its own merits. But when you add up all of them and look at the total of what we are directing the Defense Department to do, the sum total is absolutely absurd. The micromanagement problem is out of control.

If we are going to demand reform in DOD, we are going to have to reform ourselves. Congress needs to exercise some self-restraint. We need to restore discipline to the legislative process.

These trends toward micromanagement have seriously distorted floor debate on defense bills. During the 5-year period from 1975 to 1980, the House and the Senate spent 3 days on the average on the annual defense authorization. The average number of amendments considered annually was approximately 15.

Compare this with the period from 1981 through 1985. During this second 5-year period, debate in both the House and Senate averaged approximately 9 days each year during which approximately 75 amendments were considered. This year alone there were over 100 floor amendments in both bodies. In just 5 years, the length of time devoted to floor debate has tripled and the number of amendments has increased by fivefold. I ask unanimous consent to have printed at this point in the RECORD a table summarizing the recent floor debate on annual authorizations.

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

SUMMARY OF FLOOR DEBATE ON ANNUAL AUTHORIZATIONS

| | House | | Senate | |
|---|---|---|---|---|
| | Days of debate | Amendments | Days of debate | Amendments |
| Average 1975–80 | 3 | 13 | 3 | 16 |
| Average 1981–85 | 9 | 77 | 8 | 73 |

Mr. NUNN. Many of these amendments are good, but many are of marginal and questionable value. There apparently is a tendency for every Member of Congress to want his own amendment, many of which are not even germane to the defense bill.

There is much greater public relations value in a floor amendment—irrespective of its value—than there is in proceeding with responsible suggestions through the committee process. In effect, we are seeing an erosion of the committee process. And both the House and Senate tend to accept floor amendments rather than take them on and defeat them.

If the leadership in both bodies would stand up to these amendments, we should be able to restore some ra-

tionality to the process. I am sure that Chairman GOLDWATER shares my hope that next year we can take on a number of these amendments and defeat them on the floor, rather than, accept amendments. Take them to conference, have the conference labor over them for a long time, and then reject them in conference. Senators propose these amendments in all sincerity, thinking the committee has accepted them. Later they learn that their amendment was rejected in conference, as it should have been rejected. These amendments should never have gone to conference, but should have been withdrawn on the floor after debate. I think there is an obligation on the part of our colleagues to withdraw these amendments. I think that is the reason we had so much frustration in the House this year. Some of the amendments were not well constructed. There were a number of amendments on procurement policy that were accepted, which contradicted other amendments also accepted on the floor. This raised the frustration level.

Public policy issues that require the attention of the entire Senate or House in floor debate should be major policy issues and matters of national priority. Instead we are increasingly dwelling on minor matters of narrow concern. We are neglecting our primary responsibilities and tying up the Congress—particularly committees—in irrelevant detail. We have got to change.

FOCUS ON INPUTS, NOT OUTPUTS

Fundamentally, Congress has become preoccupied with this trivia because of our shortsighted focus on inputs rather than on defense output. This problem is certainly not unique to Congress.

We are going to be talking a great deal as the week progresses about problems in the Department of Defense. The Defense Department focuses far too little on the output and far too much on the input. All I have seen in recent years is an unrelenting emphasis on inputs and this plays into the worse tendencies of Congress, and vice versa. We reinforce each others worst tendencies. Unfortunately, both DOD and the Congress are approaching the defense debate with an accountant's mentality. We both view the budget as thousands of individual debit and credit entries. We will have more to say on this subject in upcoming speeches.

Let me give you an example of the focus on inputs. In the late 1970's, the Carter administration announced the so-called Carter doctrine which stated that the United States would provide forces in the Persian Gulf in order to protect Western access to petroleum resources. This was—and I must say remains—a tall order because we had virtually no military capability in the area.

What was required to implement that policy articulated by the President and later reemphasized by President Reagan when he came into office? We had to build up the facilities at Diego Garcia where pre-positioning ships were to be located. We had to buy those ships to store combat equipment. We needed to lease ships for the combat equipment until the new pre-positioning ships were available. We needed to buy additional stocks of spare parts and munitions. Personnel authorizations were required for the headquarters for the unified command that was created to deal with contingencies in the Persian Gulf. Expanded purchases of new modern combat equipment was required. All these things were required in order to implement the policy directive to support the Carter doctrine.

The focus of that policy directive, however, was lost as we broke this policy down into separate budget inputs. Every subcommittee of the Armed Services Committee had responsibility for some piece of the budgetary pie. The Military Construction Subcommittee reviewed facility plans for Diego Garcia. The Seapower Subcommittee had responsibility for maritime pre-positioning ships. Personnel authorizations were scrutinized by the Manpower and Personnel Subcommittee. The Preparedness Subcommittee has jurisdiction over the operations and maintenance appropriation which funded the lease of the interim pre-positioning ship program. Spare parts and equipment procurement were reviewed by the Tactical Warfare Subcommittee. Purchase of fuel to be stored in the region was reviewed by the Preparedness Subcommittee.

Within our own committee we split the elements of the policy into so many different parts that it was very unlikely that many Senators ever had a concept of the program.

Every subcommittee had some responsibility for some aspect of this national policy commitment. Yet the individual subcommittees reviewed the programs required to support the policy side by side with all the other inputs that make up an annual budget request. New construction requirements in Diego Garcia would have to compete with runways in Arizona, barracks in Georgia, and training facilities in Korea for military construction funding. Maritime pre-positioning ships had to compete with submarines and cruisers for limited funds in the shipbuilding appropriation. Reductions would be made in spare parts with no knowledge of the impact they might have on our ability to support the commitment. In short, we in Congress—at least in our committee and I think this is also representative of the House—lost sight of the major policy goal—the output—because of our preoccupation with the massive number of inputs in different line items under different subcommittees required to implement the policy.

This is just an example of the broad systematic problem we face. We dwell on the inputs, and, as a result, we lose sight of the major questions of policy, strategy, and priorities.

I have mentioned a number of problems with the way Congress carries out its responsibilities. Mr. President, I ask unanimous consent that a list of 14 specific problem areas that I highlighted in testimony before the Quayle Committee on Committees be included in the RECORD.

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

SUMMARY OBSERVATIONS BY SENATOR NUNN IN TESTIMONY BEFORE SELECT COMMITTEE ON COMMITTEES

1. There is not enough time for the Congress to complete the budget, authorization, and appropriations process before the start of a new fiscal year.

2. Each part of the budget process—the Executive Branch, the budget, authorizing, and appropriations committees—use different account or functional listings, and, in addition, they each work from different baselines and economic assumptions, making a "crosswalk" among them extremely difficult.

3. There is insufficient time for oversight of programs and policies as the budget process has become more unwieldy.

4. More and more of the federal budget has to be authorized annually, causing an overload in the authorizing committees.

5. Missed deadlines anywhere in the budget process have a domino effect on the remainder of the budget process, e.g., if the authorizing committees miss their May 15 deadline, appropriations bills are then delayed.

6. Making the Second Concurrent Resolution binding, instead of the first, delays the budget process.

7. The committee system is being crowded out by the budget process, and the Senate is losing its role as "court of appeals."

8. Appropriations bills are becoming more contentious and, thereby, are harder and harder to pass.

9. There are too many legislative and nongermane proposals on appropriations bills.

10. Schedules are so hurried, it is difficult to focus on fundamental policy issues. (Example—restructuring Joint Chiefs—DOD)

11. There is too much duplicative and repetitive effort among the authorizing committees, the Appropriations Committees, and the Budget Committees.

12. There are too many committees and subcommittees in the Congress, and we are not enforcing the rule limiting the number of committees on which a Senator is permitted to serve.

13. There is no mechanism for a mid-course correction on entitlements, if the sum total of entitlements exceeds the expenditures estimated. This is beyond the scope of any committee restructuring.

14. Also beyond the scope of any committee restructuring is the simple fact that the Federal Government is responsible for virtually every facet of Amerian life. As long as

we continue to address the totality of governmental issues at the Federal level, no committee system will permit sufficient time to perform our duties with efficiency and effectiveness. The tragedy is that by trying to address all issues in Washington, we are doing a poorer job of handling those matters which only the Federal Government can handle. President Reagan addressed this issue his first year, but his efforts were perceived as being primarily a way to shift expenditures to other levels of government, rather than really shifting decision making.

Mr. NUNN. Shifting the focus of the Congress away from inputs toward outputs, from trivia to fundamentals, from micromanagement to oversight will require the active collaboration of Congress and DOD.

There is a saying that organizations do well those things that the boss checks. If we want DOD to focus their efforts on outputs instead of inputs, Congress must focus on outputs. If we want the military departments to improve mission coordination, Congress should focus hearings on joint activities of the services instead of having each service come up time after time after time in separate hearings. If we insist on joint testimony in hearings, they will begin to think in coordinated terms, and we will begin to think in terms of joint missions. If DOD has failed to develop a realistic military strategy, Congress should hold hearings on strategy and give it primary emphasis and oversight.

PROMISING FIRST STEPS

This is a substantial indictment of the congressional oversight process. We are not mincing words with our own problems, nor will we mince words when we get to the Department of Defense problems in the days to come.

I do not want to conclude without noting we have already initiated some promising first steps in correcting the problems we have noted. The conference report on fiscal year 1986 authorization bill contains the provision directing the President to submit a biennial budget for the Department of Defense in January 1987 for fiscal years 1988 and 1989.

I know the Senator from Kentucky has taken a lead in this overall area and has been pushing for biennial authorizations. We are proceeding with biennial budgeting for the Department of Defense, and I hope that other committees of Congress will follow our lead. I know the Senator from Kentucky is doing all he can in that regard.

The Secretary of Defense is required to report on any statutory or procedural changes or problems required to facilitate biennial budgeting by April 1, 1986.

Biennial budgeting is one of the most important changes we can make to improve congressional oversight of the Department of Defense. Let me say that biennial budgeting should occur for the entire Federal budget and I would support any effort to make it universal. I am one of the cosponsors of Senator FORD's bill. While the Armed Services Committee would prefer to have a general 2-year budget process for all Federal spending, the value of biennial budgeting for defense spending was so overwhelming that we decided to direct its implementation in the authorization bill that just passed the Senate in August.

Of course, it is going to be much more difficult to introduce 2-year budgets for only a portion of the budget rather than for the whole budget, but we do believe this first step should be taken.

IMPERATIVE FOR CHANGE

Mr. President, during the last 5 years, we have had a tremendous increase in spending on defense. Because of our huge budget deficits, it is likely that the budget will remain relatively static in the future. We cannot afford the inefficiencies and degradation in military capability that comes from faulty organization and wasted effort. Fundamental systemic reform is essential if we are to minimize these inefficiencies. This reform must include the Congress.

In coming days, we will discuss these problems. During coming months, we will study solutions to these problems. And I intend to join the chairman and other members of the task force in putting forth solutions in the form of legislation.

The staff study that we directed to be undertaken will be published as the chairman has mentioned. We plan to give all interested parties ample opportunity to be heard on that staff study. We plan to draft legislation based on the study and the criticisms and constructive suggestions of that study that we receive in the days and weeks ahead.

Mr. President, let me conclude by saying that this effort is totally bipartisan. The staff has been under the direction of majority staff member Jim Locher, who is on the floor. He and Rick Finn and Jeff Smith have done a superb job. The staff has worked as a nonpartisan team and not as Democrat and Republican members of staff. This team has spent literally thousands of hours over the last year looking into every aspect, not only of the way Congress does business but the way DOD does business.

We owe to the men and women who serve in the U.S. military forces our best efforts to see that they are organized in a way that can protect the national security of our country. An extraordinary number of individuals from the very lowest rank in the enlisted ranks to the very top, the members of the Joint Chiefs, are doing their very best as individuals to protect this country.

These individual efforts must be brought together in a sensible organization to produce the kind of results our Nation deserves.

It has been a great pleasure for me to be a part of this process along with Chairman GOLDWATER. He has furnished and will continue to furnish, I am confident, very fine leadership in this area.

So far as legislation is concerned, the process is just beginning. An enormous amount of work has been done, and I pledge to the chairman and the other members of the committee my total bipartisan support for this effort.

I want to underscore one very important thing he said. Our observations are going to be rather frank and candid; and they are going to be taken, I suppose, as frank and candid criticism.

I hope that all members of the Joint Chiefs, the Secretary of Defense, the President, and others would understand that our critiques of the Department of Defense organization are not criticisms of them personally or individually. We are talking about all administrations. We are talking about our collective failure to organize efficiently in the way we use resources and in the way we carry out our military strategy.

These problems are not unique to this administration. The problems exist now, but they have existed in the past, under Democratic and Republican administrations. Whether or not other people agree with our recommendations, I trust they will recognize the crucial need for organizational reform.

I thank the chairman for his leadership.

Mr. FORD. Mr. President, I appreciate the efforts of Senator GOLDWATER and Senator NUNN in the defense area with respect to the spending of funds.

I understand that if you stay around here long enough, you finally get something done. I hope that is not indicative. I hope this 2-year defense budget that the President is required to send to the Hill, is something that will catch on. Twenty-one States operate this way.

We do not have the time—things are becoming so complex, so divided—to do oversight. We are criticized every day for allowing something to happen. Our constituents read about that in the papers, and that seems to be the only thing they want to report on about you and me.

If, by some stretch of the imagination, some small miracle, we could place this Government under a 2-year budget cycle, it would provide us the opportunity as Members of the U.S. Senate, to perform the duty that our constituents sent us here to do—to try to budget in an effective and intelligent manner, and then to give some

oversight to those agencies we have funded.

We want to be sure that they are carrying out what they said they were going to do when they came up and recommended how much money we should provide their particular agency or area of the Federal Government. We would have an opportunity to call them in and see how they are doing, how they are spending the money, how their programs are working, whether they need more money, whether they need less money. We would understanding somewhat better, with a budget of 16 or 18 months, as we look at the agencies.

Another thing: Out there where we go every weekend—at least, I do; I have averaged 48 weekends a year in going home to my State—those communities want revenue sharing. This is the last year. Those communities want help as it relates to programs that would improve their health and welfare. We are cutting them back. A 2-year budget would tell those communities what they would have for the next 2 years. They would have an opportunity, then, to set out and to plan—not be rushed with a 15-day continuing resolution, a 30-day continuing resolution, a 45-day continuing resolution; and say, "Shucks, we'll just give the same for the rest of the year."

Communities are not in the stable position of knowing how much money will be coming in in certain areas. If they know that, they can make a judgment on how to build, to take wise bids, to do better planning, and to stretch the dollar and get more from it.

Mr. President, I hope that a 2-year budget will come into place. As we all know, today is the first day of the new fiscal year, so-called fiscal 1986.

When I introduced the first 2-year budget bill in the Senate, we were just approaching fiscal year 1982. We are still spinning our wheels in the same rut.

As it has every year since the Budget Act took effect, the Congress again has had to resort to a continuing resolution in order to avoid a partial or total shut down of the Federal Government.

It has now become obvious that we can no longer operate on an annual budget, authorization, and appropriation cycle. Long ago our Federal revenue and spending process became far too complex to be managed with annual budget and appropriation actions. Much of what is done in the yearly process is needlessly repetitive. Neither the executive branch nor Congress can do an effective and sensible job of budget planning, or of fiscal and spending decisionmaking on a yearly cycle. There simply is not enough time.

Moreover, there is no real need for annual budgeting, even if time permitted the job to be done efficiently and effectively each year. Substantial portions of the Federal budget can be fixed for 24 months just as reliably as for 12. Many items are permanently authorized and not susceptible to annual adjustment. Pentagon procurement appropriations probably can be better projected for 2-year periods.

Where we now almost never complete our budget process by the beginning of the fiscal year, a 2-year cycle would give us a realistic chance. As most of us know, continuing resolutions have become an unwelcome—but let us hope not permanent—fixture in the Federal budget process.

The fact is, not only are we failing to do a timely job, we are not doing a good, careful, dependable job of budgeting and appropriating; and a major reason for our failure is the critical shortage of time imposed upon us by the current budget process.

With due respect to the distinguished Senator from New Mexico and to the members of the Budget Committee, that committee's consistent failure to meet its deadlines often forces the Appropriations Committee to work in the dark. In the absence of firm budget ceilings set by a concurrent resolution, the Appropriations Committee must draft its bills according to Senate budget guidelines, only to face the same task again when the concurrent resolution is finally adopted. The latter action is often taken in such haste that adequate analysis of funding requirements are precluded.

Since September 1981, when it was my privilege to initiate and introduce the Senate's first 2-year budget and appropriation bill, I have, in each subsequent Congress, reintroduced a 2-year budget bill. I have happily, if not too patiently, watched support for such measure increase each year, in the Senate and elsewhere.

Just before we recessed this past August, I introduced S. 1556 for myself and Senators QUAYLE, PELL, NUNN, GARN, BUMPERS, COCHRAN, ZORINSKY, and GORE. The chairmen of the Senate Committees on the Budget and on Governmental Affairs have promised to schedule joint hearings this fall on budget improvement measures, and I look forward to an early opportunity to testify on S. 1556.

As I have said many times before, a 2-year budget and appropriation cycle will not solve all of our fiscal and spending problems, and we do not make unrealistic claims that it will. But such a change would at least give us additional time to complete the budget and appropriation process on a regular schedule, with more care and understanding, and would permit us to devote more time to oversight functions which are of critical importance to the authorization process.

Additional time would make for better budget planning; it would prevent, or at least reduce the frequency of, frantic, last-minute efforts to adopt continuing appropriation resolutions; it would enable the States to better plan and fund their operations; and, it would provide a stabilizing element in both the public and private economic sectors.

Mr. President, we need a 2-year budget cycle. I urge Chairmen DOMENICI and ROTH to schedule hearings at the earliest opportunity.

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## EXTENSION OF AUTHORITY—RECONCILIATION INSTRUCTIONS

Mr. DOLE. Mr. President, I ask unanimous consent that the September 27, 1985, deadline for the submission of responses to reconciliation instructions, contained in the First Concurrent Resolution on the Budget for fiscal year 1986, be extended until today, October 1, 1985, inasmuch as it pertains to the response of the Senate Committee on Banking, Housing, and Urban Affairs.

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

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## RECOGNITION OF FOUR KENTUCKY SCHOOLS

Mr. FORD. Mr. President, education is a major issue in the Commonwealth of Kentucky today. Kentucky is often near the bottom of the list when the 50 States are ranked in education. There is a growing understanding that quality education is the key to building a foundation for economic prosperity. I believe that an education package recently ushered through the General Assembly by Gov. Martha Layne Collins will go a long way toward improving education in Kentucky.

Because of our historical lag in education, I was especially proud recently to learn that four Kentucky schools were among 212 cited recently by the Department of Education in its Secondary School Recognition Program. Furthermore, the Kentucky schools were among the top 108 in the rankings which were based on criteria judging both faculty and students.

The schools, which are being honored in a White House ceremony today, are Thomas Jefferson Middle School, Jefferson County; Oldham County Middle School; Holmes High School, Covington; and Highlands High School, Fort Thomas.

I want to take this opportunity to commend the students, parents, faculties, and staffs of these four schools for their individual efforts which led to this recognition. It is my hope that this commitment to learning and teaching will be an example to other schools in the State.

I join with the communities served by these schools, the Commonwealth of Kentucky, and the Nation in offering sincere appreciation for these outstanding achievements of educational excellence.

## CONCLUSION OF MORNING BUSINESS

Mr. DOLE. Mr. President, has morning business been concluded?

The PRESIDING OFFICER. Is there further morning business? Morning business is closed.

## SIMPLIFICATION OF IMPUTED INTEREST RULES—CONFERENCE REPORT

Mr. DOLE. Mr. President, I submit a report of the committee of conference on H.R. 2475 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. NICKLES). The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2475) to amend the Internal Revenue Code of 1954 to simplify the inputed interest rules of sections 1274 and 483, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of August 1, 1985.)

Mr. PACKWOOD. Mr. President, this is the conference report on what is known as the imputed interest bill. Imputed interest is nothing more than a technical term meaning what the Treasury Department will say is what the actual rate of interest should have been in the sale of real estate if for some reason there is an artificially low rate.

Frankly, in the past, we have had a number of situations called to our attention where the interest rate negotiated between the buyer and the seller has been under question. What would happen is that a seller might artificially inflate the value of a piece of property and sell it at lower than a normal rate of interest. The total economic cost comes out the same, but in terms of determining the value of the property for tax purposes, the seller and the buyer get more favorable capital gains tax treatment and lower ordinary income inclusions. It is the Treasury that loses because both sides structure the deal to take advantage of the law to the detriment of all taxpayers in this country.

We therefore passed an imputed interest bill. The House did as well. We have gone to conference with the House. As in all conferences, we won some in the conference, we lost some. The Senator from Ohio [Mr. METZENBAUM] had two amendments. I thought, of the two of them, one was more abusive. I was glad we could hold on that. The other the House was insistent on dropping.

Passing this conference report is necessary so that those dealing in real estate transactions know what the law is. At the moment, they do not know. We are operating in a hiatus. We have had no imputed interest rule since last July and unless we pass something sooner or later, all advisers of those real estate transactions are simply not going to be able to tell what the law is at all. We have already had numerous questions from people about to enter real estate transactions.

I hope the Senate will be able to debate this at whatever length is necessary before we adopt this measure this afternoon so the law is, by and large, fixed and fair. I thank the Chair.

Mr. DOLE. Mr. President, the distinguished chairman of the Finance Committee [Mr. PACKWOOD] and the distinguished ranking member [Mr. LONG] should be commended for their successful efforts to bring before the Senate a revenue neutral solution to the imputed interest problem. This conference report, while it might not be a perfect solution, is a responsible solution. Unfortunately, although the conference was concluded 2 months ago, we have been unable to act on it until now. I hope the Senate will adopt this conference report without further delay.

In the Deficit Reduction Act of 1984, we attempted to close certain tax abuses which relied upon artificially low interest rates. By stating interest at rates significantly lower than could be obtained commercially, buyers of property could overstate the investment tax credit and cost recovery deductions by amounts far exceeding the true value of the property purchased. The goal was laudable; the loophole should have been closed. However, Congress probably made a more sweeping change than was necessary to curtail the major abuse potential.

The rules included in this conference report should go a long way to foreclose tax abuse without having any significant impact on sales of residences, farms, and the great majority of commercial real estate. Even sales of the largest commercial buildings will benefit from this conference report if seller financing is involved.

However, I think we can be confident that, even with these changes, we have made the possibility of major tax abuse much less likely.

I might also add for the benefit of those who have been concerned about when the legislation would be sent to the President that, if the Senate had its way, we would have resolved the imputed interest issue last fall. On the other hand, the additional time provided an opportunity to simplify the solution and should help the Internal Revenue Service to promulgate simpler and more understandable regulations. If, for no other reason, we should be pleased that the resolution of this issue took as long as it did.

Mr. DURENBERGER. Mr. President, I rise today to urge my colleagues to support the conference report on H.R. 2475, a bill to simplify and make permanent the imputed interest rules.

As we all know, the current stop-gap rules have expired. We need to pass this legislation and send it to the President. We owe the people who live under our tax laws some certainty. Right now transactions can't go forward because people don't know what interest rates to charge. We should not allow this state of affairs to continue for another month.

I have been involved in trying to correct the rather draconian provisions regulating imputed interest since they were enacted in the 1984 Deficit Reduction Act.

I take some small pride of authorship for the bill before us today. It looks a bit like my earlier legislation, and this year's version, S. 729.

The conference report represents over a year of work and in the main is a good compromise between all the parties involved:

When the amount of seller financing is less than $2.8 million, the imputed interest rate will not be greater than 9 percent;

When the amount of seller financing is greater than $2.8 million, the imputed interest rate is generally 100 percent of the AFR.

Loan assumptions are excluded and cash-cash accounting is allowed for transactions under $2 million.

This means that it is a simple system—something we are striving for in tax reform. People will be able to understand what interest rate must be carried without a battery of lawyers and accountants.

Yet the concerns about possible abuse and revenue loss to the Treasury are addressed. No longer will mismatch of income interest and the income deduction be allowed, and the potential for overstatement of basis is minimal.

Yet people needing seller financing can now conclude a sale without the IRS stepping in and recharacterizing the transaction.

I have worked on this issue for over a year. Tonight we have the opportu-

nity to enact a simple effective solution to the imputed interest problem.

We would not have this opportunity tonight without the statesmanship of Congressman BILL FRENZEL. My honored colleague from Minnesota has a long history of looking out for the welfare of the American taxpayer.

He had very serious concerns about the nongermane life care provisions of this legislation. Because of the pressing need to enact a solution to the imputed interest problem, due to the fact the stop-gap rule expired June 30, BILL graciously agreed not to object to the conference report and the life care provision.

I thank BILL for this magnanimous gesture, and I applaud his recognition of the importance of finally correcting the imputed interest provisions of the Deficit Reduction Act, so that certainty is established and people who need seller financing, the farmers, small businessmen and homeowners, can go forward with their transactions.

I urge my distinguished Senate colleagues to vote for this conference report. It would not be fair to the people who must live under our tax laws.

Mr. DOLE. Mr. President, it is our hope to dispose of the conference report this afternoon.

The distinguished Senator from Ohio [Mr. METZENBAUM] wishes to discuss the conference report before any disposition, and he is necessarily detailed at an Energy Committee meeting, to be followed by a Budget Committee meeting. So it may be at least 4 p.m. before he is able to return to the floor, maybe even later, but I hope we can dispose of the conference report. So far as I know, there are no other Senators who wish to speak.

Following the remarks of the Senator from Ohio, it is my understanding that he will want a rollcall vote, and we would like to have that vote today and dispose of this conference report.

In the interim, if we can take up other legislation, if anything has been cleared in the appropriations area, we can set aside the conference report, as I understand it. We have the clearance from the distinguished minority leader to do that. So we could take up an appropriations bill sometime this afternoon.

Mr. METZENBAUM. Mr. President, first, I express my appreciation to the chairman of the Finance Committee, the manager of the conference report, and the majority leader of the Senate [Mr. DOLE] for being cooperative and scheduling this debate and the vote in connection therewith at a time that was convenient to the Senator from Ohio and, obviously convenient to the Senator from Oregon as well.

I think the issue we have before us today is a very, very important one. It is not a new issue to the Senate. We are again addressing the issue of the imputed interest tax rules. I want to refresh my colleagues' recollection on this subject because we have been on this issue a number of times in the past.

Since June 27, 1984, when the new rules were adopted by Treasury, we have passed one amendment after another to roll back these changes. Treasury adopted the rules because there were those in the real estate industry and some of the financial world as well, the big syndicators, who were abusing the rules to the point of playing games. And the Senator from Oregon has stated that, as well, it had an impact on the tax consequences because, if you can change ordinary income into capital gains, if you can change interest into depreciation, there may be many things you can do and it may be adding more on the interest and less on the depreciation. There were various things the syndicators were able to do.

On June 27, 1984, the Congress acted, and on June 29, 2 days after the June 27 adoption of the rules that were adopted by Treasury, we passed the so-called enrolling error resolution. This resolution had nothing to do with errors. It came about because Congress wanted to repeal stricter rules on the first $250,000 of sales of principal residences and, on farm sales, up to $1 million.

But that was not enough for the real estate lobby. There was nothing in it for the real estate syndicators, the sellers of tax shelters, office buildings, and shopping centers. So in October 1984, 3 months later, at the behest of the real estate lobby, we moved again—the third time. This time, we temporarily suspended new rules for business transactions of up to $2 million.

How much did this cost the taxpayers of this country? Treasury lost and the syndicators gained $100 million. But as hungry is, as greedy is, as avarice is, they were not satisfied. So in June of this year, the Finance Committee, at their urging, sent a new bill to the floor.

This one eased the imputed interest rules for everyone. And although it stretched out the depreciation from 18 to 19 years in order to pay for the imputed interest rule changes, the measure would increase the deficit through 1988 by $111 million.

I should point out that the increase in the depreciation period is not as much as the President had in his own tax bill. It had gone far farther than that.

I did not object to taking care of the homeowners; I thought that was reasonable. I did not object to taking care of small business; I thought that was reasonable. And I did not think it was unreasonable to give relief to family farmers. But as I have stated repeatedly, there is no merit whatsoever in increasing the budget deficit by subsidizing the tax games played by the real estate syndicator.

An amendment I offered to the Senate version of the legislation before us today would have returned the tax rules we enacted in 1984 on sales in excess of $25 million and at so-called sale-leaseback transactions. That amendment was adopted. But the conferees, who, as far as I know, never, never, never conducted a meeting, struck the $25 million cap.

I must confess that I do not understand why it was dropped. On that point, I ask my colleague [Mr. PACKWOOD] if he would be kind enough to respond to a question. The question I have is, on June 26, when my amendment was adopted as a second-degree amendment to the Durenberger amendment, the following exchange took place.

> Mr. METZENBAUM. I am pleased to learn from the chairman of the Finance Committee that he feels that the amendment I have offered is an acceptable one and I believe that he has indicated to me in earlier conversation that if it is acccepted, if it becomes a part of the bill, he will provide strong leadership and strong effort to keep it in the bill at the conference committee level.

The chairman of the Finance Committee, the manager of the bill, manager of the conference committee report, Mr. PACKWOOD, responded:

> Mr. President, my good friend from Ohio is correct—I will do the best I can in conference to keep the provisions of this Durenberger-Metzenbaum amendment if it passes, and the Senator has my word on it.

So that nobody may have any mistake about it, I am not at all suggesting, implying or by innuendo indicating that the Senator from Oregon has not kept his word. That is not my point. But I would like to know if the Senator from Oregon could explain to the Senate why the language was dropped by the conference committee.

I am certain that the chairman is aware of Senate rule XXVIII, paragraph 6, that requires conferees to hold open meetings unless the managers of one House vote in open session to close them. So I would therefore ask the chairman of the committee if he would tell the Senate, did the conferees indeed hold an open meeting?

Mr. PACKWOOD. Mr. President, the conferees in the sense of everyone sitting down in one room at the same time did not hold a meeting, open or closed. What we had were negotiations between different members on the committee and different staffs. The House gave some, the Senate gave some, and we came up with this compromise.

Mr. METZENBAUM. Well, is it not a fact that no meeting was held, that these were discussions that took place between the conferees, that the conferees actually never met at all, and as

a consequence the rule requiring an open meeting was—if it was not violated, it came close to being violated? The question that I really have is, who made the decision to take care of the boys who make the deals over $25 million, who made the decision to drop the $25 million cap?

Mr. PACKWOOD. That was a provision the House insisted upon. I cannot tell the Senator who made the decision. If the Senator from Ohio asks if it was the chairman of the Ways and Means Committee or some other member of the Ways and Means Committee I cannot tell him. My good friend from Ohio is fully familiar with the fact—and I am sure has participated in the conferences in this body before—where conferees actually did not meet and probably signed conference reports where the conferees did not meet. It is not an unusual procedure. On a major bill of long magnitude, we usually have meetings, but it is not uncommon and certainly there was no secret as to what was going on at the time negotiations were conducted. But as to who in the House said they wanted "to save the big boys," I cannot pinpoint. All I know is that in my discussions with the chairman of the Ways and Means Committee, he said, "This is a provision that the House will insist upon."

Mr. METZENBAUM. I thank my colleague from Oregon. I want to say to my colleagues in the Senate it is wrong to provide a tax cut to the largest syndicators in this country. It is wrong to increase the Federal budget deficit over the next 3 years by $115.5 million but that is what this measure does. Now, think of it. This is the very first day of the new fiscal year. This is the day when the new budget reconciliation measure will become effective, when the budget reconciliation measure takes effect.

Mr. President, I ask unanimous consent at this point that the revenue estimates by the joint committee be printed in the RECORD.

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

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON TAXATION,
*Washington, DC, September 9, 1985.*

Hon. HOWARD M. METZENBAUM,
*U.S. Senate,*
*Washington, DC.*

DEAR SENATOR METZENBAUM: This is in response to your letter of August 14, 1985 requesting confirmation of the revenue estimate for the Conference Report on H.R. 2475, the imputed interest bill.

The estimates listed below are the current revenue projections.

[In millions of dollars]

| | |
|---|---|
| Fiscal year: | |
| 1985 | (1) |
| 1986 | −31 |
| 1987 | −68 |
| 1988 | −16 |
| 1989 | +35 |
| 1990 | +89 |
| Sum, 1985-90 | +9 |

[1] Gain or loss of less than $500,000.

Sincerely,

DAVID H. BROCKWAY.

Mr. METZENBAUM. Mr. President, here is a situation where special tax treatment is being given to the wheelers and the dealers and the high rollers, to the Wall Street offices that have nothing to do with real estate except to put together syndicated deals, and the real estate lobby. The one change that is made without a public hearing is to eliminate that part of the conference report having to do with the deals over $25 million. These are the same real estate lobbyists whose members write to us week in and week out demanding spending cuts, demanding a line-item veto, demanding a constitutional amendment to balance the budget. Listen to what the National Association of Realtors has adopted as their official position on the deficit. They support a constitutional amendment to balance the budget, and they state:

> The National Association, believing it is mandatory that the administration and the Congress restrain the growth of Federal spending, therefore, supports a congressional initiative and the States' ratification of a constitutional amendment which will make Congress accountable for excessive spending and taxation.

They support giving the President line-item veto authority. Listen to what they say about that:

> The National Association of Realtors statement of policy supports the adoption of legislation giving line item veto authority to the President in order to reduce Federal spending while maintaining the authority of Congress to override the veto by a two-thirds vote.

Now, they have made some great statements about what Congress ought to do, what the President ought to do, but do the imputed interest provisions of the conference report that is now before the Senate help reduce the Federal budget deficit or do they help the greedy realtors? I will not even say they fought to take out the $25 million item. I am not even certain that that is the case, and I would guess it was not, but they stood by; they had the power to do something about it; they have the political moxie around here; they have such a big PAC fund that I read the other day where they are going to go into independent expenditures over and above the amount they spend with their PAC to defeat candidates. This is the group that is not satisfied by one bill, two bills, and enrolling committee technical errors at one point.

Mr. President, the real issue we have today has to do with whether the imputed interest provisions of the conference report that is now before the Senate helped reduce the Federal deficit; and the answer is, "Most certainly not."

The imputed interest provision will add $856 million in red ink to the deficit over the next 5 years. But that is not the only special interest giveaway that we find in this conference report. There is also something that the Senator from Rhode Island will address himself to, called the continuing care provision, and that should really be called the Marriott tax reform measure of 1985, because that is precisely what it is.

That provision permits the Marriott Corp., and other for-profit providers of continuing care facilities to walk away with $44 million in tax subsidies a year for the next 5 years. Whose $44 million? The rest of the taxpayers of this country, obviously.

Is that $44 million being spent wisely? Is it being spent for the benefit of the average senior citizen in this country? No way.

The private continuing-care facilities that will benefit from this provision charge entry fees of $90,000 or more and monthly fees that generally exceed $1,000 per month. These are not facilities designed to serve poor senior citizens who are living on Social Security and modest pensions.

Mr. President, I ask you to consider what we could do with this $44 million to help America's senior citizens. We could double the number of senior citizens receiving home-delivered meals. We could increase by one-third all the Federal research on Alzheimer's. We could assist 200,000 elderly Americans who will not be able to pay their winter heating bills and who face the possibility of having their utilities disconnected.

But the senior citizens, frankly speaking, do not have the lobbyists that Marriott does, so Marriott wins; and once again the taxpayers of this country are the losers.

Mr. President, I want to make it clear. I am not arguing about the basic provisions that others in this body have addressed themselves to having to do with imputed interest. I am talking about the egregious issues, and the one specifically egregious issue we are talking about is the fact there is a special change from that which the Senate passed for deals that are over $25 million.

Now it is true that the conference agreement attempts to cover the revenue loss from these provisions by lengthening the depreciation period on real estate from 18 to 19 years. But let us be frank. That is nothing more than smoke and mirrors, because we do not know what changes will be made when the so-called tax reform bill or the tax equity bill or some other Congress comes along next year or this year as the case may be.

In fact, there are few, if any, savings here because the President's tax reform proposal already calls for an extension of the depreciation period not to 19 years but to 28 years. And if that occurs, then the tax pickup that occurs by changing the depreciation period in this report from 18 to 19 years becomes de minimis and it becomes a nothing.

Even with the budget savings arising from the depreciation changes, the Joint Tax Committee estimates the provisions of the conference report will still cost the Federal Treasury $115 million over the next 3 years. My colleagues are going to have to address the issue: Why did they, on October 1, the first day of the fiscal year, come out here on the Senate floor and vote for a conference committee report that provides for $115 million less than that which the budget calls for? Why did they do it? So that the real estate syndicators can get this tax break? So the operators of the continuing care facilities can get their special tax provisions? I think we ought to congratulate them and their lobbyists for their success in gaining this unjustifiable tax break. They really have done a great job. They have used that which is considered a real concern having to do with farmers, family farm sales, having to do with home sales, having to do with small business deals, they have used that to climb in and take care of the big boys. And, yes, in this particular conference committee report, the one major change to which I address myself is the fact the provision in the Senate bill struck at those deals over $25 million. What we have here is they have eliminated that provision.

Let us ask who are the losers. We know who the gainers are. Instead of providing Federal education benefits to 500,000 handicapped children, we will give the $115 million to the real estate lobby and the syndicators. Instead of taking care of 25,000 homeless children who will go without foster care for a year, the real estate syndicators have gained their point and the Congress of the United States is taking care of them. Instead of taking care of 101,000 female-headed households who live below the poverty line, they will not be assisted. Why? Because the syndicators, it seems, are the "truly needy."

This $115 million could provide WIC benefits for a year to 290,000 pregnant mothers and infants. But they, too, are without a lobby.

Today, Mr. President, is fiscal new year's day and we have this budget busting measure before us on the very day, the very birthday of the fiscal new year.

All our promises to our constituents to work on a balanced budget are for naught because, when the chips are down, I am afraid that my colleagues will take care of the syndicators and take care of the real estate lobby.

The great irony, Mr. President, is that we are breaking our promises at the behest of an industry that preaches incessantly to Congress about the need to balance the budget. "Make Congress accountable," they say, "for excessive spending and taxation." Well, I think that Congress should be held accountable for excessive spending, excessive taxation, and for excessive giveaways to special interests like the real estate syndicators and continuing care industries.

Mr. President, the Budget Act does not contemplate any way to make up for the $115 million reduction in revenues caused by this measure over the fiscal 1986 to 1988 year period. Adopting this conference report will cause budget deficits over the next 3 years to grow by $115 million over and above the level contemplated by the budget resolution.

Mr. President, I am now about to make a parliamentary inquiry. My parliamentary inquiry is: Were the measure to come before the Senate after enactment of a reconciliation bill that does not change revenue, would it be subject to a point of order under the Budget Act?

The PRESIDING OFFICER. The Senator is correct, it would be subject to a point of order under the Budget Act because it would cause a loss of revenues.

Mr. METZENBAUM. I thank the Chair.

Mr. President, I believe that if we are going to give away $115 million over the next 3 years to these particular interests, we should find a way to replace the revenue. And I believe that there is no one more able to do that than the distinguished chairman of the Finance Committee, who is also the manager of the conference committee report. I believe that the Finance Committee should be instructed to report an amendment to the budget reconciliation measure to accomplish that objective.

I believe the fact that the reconciliation measure has not been put in place and passed is no reason why we should not act as if it were in place, because we know it is a delay that should not have occurred. But I am certain that within a week or 10 days, the budget reconciliation measure will be before this body.

Mr. President, I believe that we ought to consider this conference committee report, not on some day long distant in the future, but on some day immediately after the budget reconciliation measure has been adopted. I am in no position to predict with accuracy when that reconciliation measure will be before the Senate, but I am advised it should be here within the week. I will say to my colleague, the manager of the bill, that if it comes before that, the day after the reconciliation measure is disposed of is the time when I believe we ought to have an opportunity to act in connection with the conference report. I believe that is subject to a point of order at that point. I do not believe that the mere fact that we are able to bring it up at this point by agreement and cooperation of the parties is any reason why any one of us should not have an opportunity to raise the budget issue. We should not take advantage of the date.

Therefore, I am not moving to eliminate or to put aside the conference committee report, but rather, Mr. President, I move to postpone consideration of the conference report until October 10, 1985. This will give the Finance Committee time to report back an amendment to the reconciliation measure that raises at least $115 million over the next 3 years.

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

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

The yeas and nays were ordered.

Mr. PACKWOOD. Mr. President, I ask unanimous consent just to yield to the majority leader for an announcement for a moment.

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

Mr. DOLE. Mr. President, I thank the distinguished chairman for yielding. I understand there will be a vote immediately.

We are honored today to have King Hussein from Jordan visiting us, and we will have a meeting with the King and Senators in room S-207. It is my hope that we can vote rather promptly. He is in my office and prepared to meet with all Senators. I hope my colleagues on both sides of the aisle will get this message through their office, and be in S-207 in about 2 minutes—ago.

Mr. METZENBAUM. Mr. President, will the majority leader yield?

Mr. DOLE. I am happy to yield.

Mr. METZENBAUM. As the majority leader well knows, I am not "delaying."

Mr. DOLE. I understand.

Mr. METZENBAUM. On the other hand, I think Members on the floor want to meet the King of Jordan. I wonder whether or not the majority leader would not see fit to bring the matter to a vote immediately after the meeting with the King of Jordan concludes.

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

Mr. METZENBAUM. I am perfectly willing to do so.

Mr. PACKWOOD. Mr. President, if I may ask—and I am momentarily going to move to table the motion of the Senator—will my good friend be willing to have a final vote on the con-

ference vote right then, or do we need a final rollcall vote on the conference report?

Mr. METZENBAUM. If my motion does not pass—and I doubt that it will—and assuming that the distinguished manager does not make a tabling motion, then I would have no objection to passing the conference committee report without a rollcall vote.

Mr. DOLE. The only thing I was trying to serve was two ends—one is to get people over here so we can meet with the King; second, to pass the conference report because I know all Senators get involved in other matters. But we can do it either way.

Mr. PACKWOOD. Mr. President, I would accept that offer of an up and down vote on the motion to postpone with a gentleman's understanding that at least you and I will not ask for a rollcall vote on the final passage of the conference report. But to accommodate the majority leader, we can get the Senators over here, and let us vote now. They can come vote, and go meet the King.

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

Mr. PACKWOOD. Mr. President, will the Senator withhold that for a moment?

I want to make not a factual correction—because my friend from Ohio has accurately reported the facts—but selectively. The Senator from Ohio is talking about a $115 million loss over 3 years in the bill. That is indeed true. The bill changes the law slightly so that there are some additional losses in the first 3 years. However, when you look at 5 years, the figures are as follows: In the first year, a loss of $31 million; $68 million in the second year; in the third year, a $16 million loss; the fourth year has a $35 million gain; the fifth year has a $89 million gain. So that over the 5 years there is a net pickup of $9 million.

So while the figures of my good friend from Ohio about the loss over 3 years are accurate, they do not portray the whole story, and no one should think that in voting for this bill they are voting for a revenue loss.

I would be prepared to vote now on the motion to postpone if the Senator from Ohio is ready.

Mr. METZENBAUM. I suggested to the majority leader, and I do not think he is in a disagreement. I am sorry he left the floor. I suggested that we vote immediately after the meeting with the King. I see he left the floor.

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.

(The following proceedings occurred earlier:)

Mr. CHAFEE. I wonder if the Senator will yield for a comment. I do not want to break into his flow but I have some views on this measure myself.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that I may yield at this point to the Senator from Rhode Island for his remarks with the understanding that in the CONGRESSIONAL RECORD his remarks will read immediately after my own.

Mr. CHAFEE. I do not want to interfere with the Senator.

Mr. METZENBAUM. I understand.

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

Mr. CHAFEE. Mr. President, I commend the Senator from Ohio for his concerns over this measure. They are concerns that I feel as well, and I have explained these concerns to the chairman of the Finance Committee. I was a conferee on this matter and had deep concerns over it. Indeed, as the Senator from Ohio will remember, I presented an amendment on the floor dealing with the so-called life care provisions, and I felt very strong about that. As for the other provisions, namely, the imputed interest measures for seller financing which were reported out of the Senate Finance Committee, I did not oppose them. However I did have concerns over the life care provisions, which I tried to strike on the floor, and I wanted to raise those concerns at the conference. Well, as the Senator from Ohio and the distinguished chairman of the committee pointed out, we did not have a conference. There never was a conference, and that is why I refused to sign the conference report.

This may be a customary procedure around here, and I am not going to gainsay that. However, I have been here 10 years and have been named to many conferences. In my experience the conferees have actually met; or, if the conferees have not met, at least I have known that the parties were talking back and forth and something was going on. Unfortunately, that was not the case here. I was never alerted.

I presume the chairmen of the two committees were talking back and forth, and I regret deeply that I did not have a chance to explain my views to the House Members. My views may not have prevailed, but at least I would have received a great deal of satisfaction from addressing these matters, about which I felt deeply.

It is not just some whim. We have a letter here addressed to the leader of the Senate, Senator DOLE, by the Assistant Secretary of the Treasury for Tax Policy—namely, Mr. Ronald A. Pearlman—dated June 25, in which he discusses the matter of the so-called life care facilities.

I am not going to debate the whole matter here again. However, I find it inconsistent that when we are in the middle of tax reform that is meant to be reducing preferences, not giving somebody a break at the expense of others, we launch into a wholly new matter, a wholly new preference.

So, first, I should like to register my disappointment that the conference did not occur; that I, as one of the conferees, was not posted in any fashion by the staff as to what was taking place, as to what was being bartered back and forth, if you will, or as to what the hard line positions of the House were.

I am not familiar with where this $25 million limitation came from, but that is way beyond anything we considered in the Finance Committee.

As the life care matter: I just want to say once again to my colleagues that what we have done here, and what the conference has agreed to, is to give a very special privilege to those wealthy enough to have up to $90,000 to hand over to a life care facility—not a nursing home, because that does not qualify—that the Marriott Corp., will be setting up to take care of this special group. This special group will have, in effect, pretax income spent to care for them.

The concept here is that two parties, side by side, sell their homes, and they each end up with $90,000. One elderly lady puts it in the bank and goes to live with her daughter. The interest income on $90,000 in the bank will be taxed—no question about that—and the widow will live on the after-tax proceeds of that $90,000. Another elderly lady goes to one of these life care facilities and puts down $90,000. The interest on that money is not taxed. The interest which goes to pay for her care is tax-free. This person receives the care, paid for with the pretax proceeds of $90,000.

This is an extremely unfair provision which has just sailed through. I wonder whether the Members of the House really knew. I can only ask the chairman of the Finance Committee. Were there conversations back and forth, to which the rest of us were not privy? Maybe the other members of the conference committee were privy, but I certainly was not. I never knew a conference was going on. Whether the Members of the House knew what was taking place, I do not know.

That is my view of this conference report. I do not know whether the distinguished Senator from Ohio plans a rollcall vote or a voice vote on this conference report, but if it is a voice vote, I certainly want the Chair to register that I voted "no."

Mr. METZENBAUM. I say to my colleague that there will be a rollcall vote. I am not prepared to offer the motion at this moment, but I will

make a motion at an appropriate time in connection with the pending matter, and I hope that at that time he will see fit to support it.

Mr. President, I see the Senator from Montana on the floor. I ask unanimous consent that the Senator from Montana may be heard at this point, with the understanding that his remarks will follow the remarks of the Senator from Rhode Island in the RECORD and that the remarks of the Senator from Ohio will read as a continuous statement.

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

Mr. MELCHER. Mr. President, I thank the Senator from Ohio for his generosity in allowing me to make a very brief statement.

The Senator from Ohio has described how an amendment that was adopted by the Senate was dropped in conference. I want to add that an amendment I offered and that Senator DURENBERGER offered was also dropped in conference, and something else was rearranged by the conferees.

Nevertheless, I am glad that we are at last addressing corrections on imputed interest, because they have been a burr under the saddle of taxpayers who have been stuck by this gimmick, devised principally by the Treasury Department, with some cooperation, unfortunately, from Congress.

What we have done in the bill and still retained, despite some disagreements we might have with the conference report, is basically to rectify some very outrageous situations in which ordinary small businessmen, farmers, ranchers, or homeowners selling their property were told what the interest rates would have to be.

I would not quarrel with the argument that has been advanced by my friend from Ohio on what the joint committee speculates what the passage of this bill will cost the Treasury, because I know that is about what the joint committee people have come up with over the 4 years—$100 million, $25 million a year. But I must repeat that it is speculative.

What the joint committee uses is information they receive from the Treasury Department, which, if not tainted, is at least prejudiced. The Treasury Department and the IRS have consistently said, year in and year out for the past 7 or 8 years, that if you do not have imputed interest, somebody is going to get away with some dough on Uncle Sam with respect to income taxes. But the fact is that in many instances in which they sold property, citizens were denied the right of ordinary people selling that property to a willing buyer on the basis of an agreed interest rate, only to find that the IRS was telling them, "If you haven't charged this rate of interest, at such-and-such a level, we're going to impute it; and the income you get from it will be subject to taxation," which ended many legitimate transactions.

Congress at last has rectified this situation. While it is not perfect, it is about 10 yards ahead up in the air of what we had before, and 36 feet ascendency is not too bad around here, when we approve something in the public interest, and we have done that.

(Conclusion of earlier proceedings.)

## ORDER FOR RECESS

Mr. DOLE. Mr. President, in order to accommodate Senators so they may be able to attend the meeting with King Hussein, I am going to move in a moment that we recess until 5 o'clock. That will give us time to conduct our meeting with King Hussein, and also then at 5 o'clock there would be a vote.

Mr. PACKWOOD. We will vote up-and-down on the motion of the Senator from Ohio to postpone.

Mr. DOLE. That is correct.

So I make that request.

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

RECESS UNTIL 5 P.M.

Mr. DOLE. Let me urge before we recess that all Senators please come to S-207. Our meeting will start within 5 minutes.

Therefore, I move, in accordance with the order just entered, that the Senate stand in recess until 5 p.m.

Thereupon, at 4:06 p.m., the Senate recessed until 5:02 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. MATTINGLY].

The PRESIDING OFFICER. The Chair, in his capacity as a Senator from Georgia, suggests the absence of a quorum.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

The question is on the motion of the Senator from Ohio to postpone consideration of the imputed interest conference report until October 10, 1985. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST] and the Senator from Utah [Mr. HATCH] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 7, nays 91, as follows:

[Rollcall Vote No. 199 Leg.]

YEAS—7

| | | |
|---|---|---|
| Chafee | Pell | Stennis |
| DeConcini | Proxmire | |
| Metzenbaum | Simon | |

NAYS—91

| | | |
|---|---|---|
| Abdnor | Goldwater | McConnell |
| Andrews | Gore | Melcher |
| Armstrong | Gorton | Mitchell |
| Baucus | Gramm | Moynihan |
| Bentsen | Grassley | Murkowski |
| Biden | Harkin | Nickles |
| Bingaman | Hart | Nunn |
| Boren | Hatfield | Packwood |
| Boschwitz | Hawkins | Pressler |
| Bradley | Hecht | Pryor |
| Bumpers | Heflin | Quayle |
| Burdick | Heinz | Riegle |
| Byrd | Helms | Rockefeller |
| Chiles | Hollings | Roth |
| Cochran | Humphrey | Rudman |
| Cohen | Inouye | Sarbanes |
| Cranston | Johnston | Sasser |
| D'Amato | Kassebaum | Simpson |
| Danforth | Kasten | Specter |
| Denton | Kennedy | Stafford |
| Dixon | Kerry | Stevens |
| Dodd | Lautenberg | Symms |
| Dole | Laxalt | Thurmond |
| Domenici | Leahy | Trible |
| Durenberger | Levin | Wallop |
| Eagleton | Long | Warner |
| Evans | Lugar | Weicker |
| Exon | Mathias | Wilson |
| Ford | Matsunaga | Zorinsky |
| Garn | Mattingly | |
| Glenn | McClure | |

NOT VOTING—2

| | |
|---|---|
| East | Hatch |

So the motion to postpone consideration of the imputed interest conference report until October 10, 1985, was rejected.

Mr. PACKWOOD. 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. PACKWOOD. 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. DURENBERGER. Mr. President, I commend the distinguished majority leader for bringing the conference report on H.R. 2475 to the floor.

This legislation which clarifies the rules on imputed interest is desperately needed. I and a number of other Senators have been working for over a year now to find a simple, effective solution to the imputed interest problem.

The temporary relief measure that we enacted expired on July 1, 1985, resulting in uncertainty for the people who need seller-financing in order to sell their farms, homes, and small businesses.

Uncertainty as to the state of the law caused confusion and transactions were impeded or postponed because sellers and buyers did not want to go forward and risk running afoul of the law.

We need to pass this conference report today. My colleagues are all

very familiar with this issue. We have discussed it at length on the Senate floor several times over the course of the past year. The result of these efforts is a good report.

The conference report sets up a clear, simple effective test, so that people who need to use seller-financing can avoid the IRS interjecting itself and imputing interest to a transaction. Where the amount of seller-financing does not exceed $2,800,000, the imputed interest rate may not exceed 9 percent. Where the amount of seller-financing is greater than $2,800,000, the imputed interest rate is 100 percent of AFR. An imputed interest rate of 100 percent of the AFR, however, applies to sale-leaseback transactions.

This simple bright line test is a significant step forward from earlier proposals. It is the result of continued refinement of the concept I introduced last year in S. 3032 and this Congress as S. 251, and long hours by many who have been involved with this issue.

It is a good solution, because it is easy for those who need seller-financing to figure out what interest rate to use in their contracts, yet it prevents the serious abuses that the Treasury Department and others were concerned about

I want to thank the distinguished chairman of the Finance Committee, Senator PACKWOOD, for his efforts on this issue, and I commend Senator SYMMS, Senator MELCHER, and other distinguished colleagues who have taken a leadership role in helping correct this serious problem.

I have been actively involved in trying to achieve a solution during the year that Congress has been wrestling with the issue, and I must say I am happy that we can finally put this behind us by passing this permanent simplification of the imputed interest rules.

I urge my colleagues to support it.

Mr. PRYOR. Mr. President, today the Senate is finally correcting a mistake made in the Deficit Reduction Act of 1984 dealing with imputed interest. I'm pleased we're finally taking this step by adopting the conference report, and I hope we close this chapter of the book once and for all.

Very briefly, Mr. President, I would like to review the history of the provision we're now correcting.

The rules in the Tax Code dealing with imputed interest were put in the law in the late 1960's when it came to light that some tax shelters were being operated by taking advantage of an inflation of basis—resulting in larger depreciation deductions—to the buyer, and a conversion of ordinary income to capital gain for the seller, when an adequate rate of interest wasn't stated in the lending agreement. In order to deal with this, section 483 was put into the law, and under that section prior to last year's changes, if the debt instrument carried an interest rate of 9 percent simple interest, the higher imputed rate of 10 percent didn't apply. These were rules everybody could live with.

Last year, at the urging of the Treasury Department, changes were made in section 483—and also the so-called original issue discount rules—to increase the rate of interest, and for the first time, tie the rate to what was called the applicable Federal rate. The new rate was purported to represent market conditions.

The problem, Mr. President, was that the rates were set too high, and more importantly, there were not sufficient exemptions from the new rules so that virtually all lending transactions came within them, whether they were motivated by tax considerations or involved something like selling the family farm.

Very quickly we started the effort to modify these new rules, which were very harsh. I cosponsored a bill to repeal them entirely and go back to section 483 as it existed prior to last year's amendments. However, ultimately both the House and Senate passed bills allowing certain small transactions—generally involving seller financing below a certain level—to use the old rules. This occurred only after stopgap legislation, enacted late last year was extended through July 1, 1985.

Since July 1, Mr. President, no one has known what the rules are. The conference report was adopted by the House on August 1, 1985, and now, on October 1, 1985, we're considering the bill.

The conference report should be adopted. It provides for a safe harbor of $2.8 million in seller financing, so that if the level doesn't exceed that figure you can use the lower of 9 percent or 100 percent of the applicable Federal rate. Further, for transactions where this can't be used the conference report is an improvement in that there is no penalty rate. Finally, there is a provision that will index the $2.8 million threshold after 1989.

Mr. President, as I've stated before, the Congress should act to stop tax shelters and transactions that have no motivation other than tax benefits. But, when people are trying to buy and sell farms, commercial and residential buildings, and other properties, the interests of the Federal Treasury pales in comparison to the need of individuals and businesses to undertake legitimate, nontax motivated transactions, without having to jump a complex and unreasonable set of tax hurdles.

I urge the adoption of the conference report and I hope it can be signed into law very promptly.

Mr. HEINZ. Mr. President, The continuing care legislation requires that substantially all facilities which are used to provide services which are required to be provided under a continuing care contract must be owned or operated by the same sponsor. Currently there are facilities that provide the long-term care by contracting out the nursing home care to an unrelated nursing home. Suppose these facilities entered into a contract with unrelated nursing facilities under which the sponsor of the facility will, along with the owner or operator of the nursing facility, have as much substantial management control over the beds in the unrelated nursing facility as if the beds were owned by the continuing care facility. Would this meet the requirement of the owned and operated? Mr. Chairman, I understand that in your view such an arrangement would qualify under the statute.

Mr. PACKWOOD. That is correct. I assume that the sponsor of the continuing care facility would actually be making some of the day-to-day decisions regarding the operation of the nursing home; for example, those relating to the provision of meals, nursing care, and other services that relate to the care of the sponsor's patients.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. PACKWOOD. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

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

The motion to lay on the table was agreed to.

Mr. PACKWOOD. 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. DURENBERGER). Without objection, it is so ordered.

## MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

## DEFERRAL OF CERTAIN BUDGET AUTHORITY—MESSAGE FROM THE PRESIDENT—PM 82

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which, pursuant to the order of January 30, 1975, was referred jointly to the Committee on the

Budget, the Committee on Appropriations, the Committee on Foreign Relations, and the Committee on Labor and Human Resources:

*To the Congress of the United States:*

In accordance with the Impoundment Control Act of 1974, I herewith report two new deferrals of budget authority for 1985 totaling $10,438,657 and two revised deferrals now totaling $1,433,548,866. The deferrals affect accounts in Funds Appropriated to the President and the Departments of Health and Human Services and State.

The details of these deferrals are contained in the attached report.

RONALD REAGAN.

THE WHITE HOUSE, *October 1, 1985.*

## DEFERRAL OF CERTAIN BUDGET AUTHORITY—MESSAGE FROM THE PRESIDENT—PM 83

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which, pursuant to the order of January 30, 1975, was referred jointly to the Committee on the Budget, the Committee on Appropriations, the Committee on Agriculture, Nutrition, and Forestry, the Committee on Armed Services, the Committee on Energy and Natural Resources, the Committee on Labor and Human Resources, the Committee on the Judiciary, the Committee on Governmental Affairs, and the Committee on Banking, Housing, and Urban Affairs:

*To the Congress of the United States:*

In accordance with the Impoundment Control Act of 1974, I herewith report 23 new deferrals of budget authority for 1986 totaling $1,628,765,311. The deferrals affect accounts in Funds Appropriated to the President, the Departments of Agriculture, Defense-Military, Defense-Civil, Energy, Health and Human Services, Justice, and State, the Pennsylvania Avenue Development Corporation, and the Railroad Retirement Board.

The details of these deferrals are contained in the attached report.

RONALD REAGAN.

THE WHITE HOUSE, *October 1, 1985.*

## EXECUTIVE ORDER PROHIBITING THE IMPORT OF SOUTH AFRICAN KRUGERRANDS—MESSAGE FROM THE PRESIDENT—PM 84

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying paper; which was referred to the Committee on Banking, Housing, and Urban Affairs.

*To the Congress of the United States:*

On September 9, 1985, I informed the Congress pursuant to Section 204(b) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(b), that I had exercised my statutory authority to prohibit certain transactions involving South Africa (Executive Order No. 12532). I also informed the Congress that the Executive Order directed the Secretary of State and the United States Trade Representative to consult with other parties to the General Agreement on Tariffs and Trade with a view toward adopting a prohibition on the import of Krugerrands.

In order to deal with the unusual and extraordinary threat to the foreign policy and economy of the United States referred to in Executive Order No. 12532, and in view of the continuing nature of that emergency, and in view of the successful completion of those consultations, I have issued an Executive order, a copy of which is attached, exercising my statutory authority to prohibit such imports effective October 11, 1985.

All of the measures I have adopted against South Africa are directed at apartheid and the South African Government, and not against the people of that country or its economy. The Krugerrand measure ordered was taken in recognition of the fact that Krugerrand is perceived in the Congress as an important symbol of apartheid. This view is widely shared by the U.S. public. I am directing this prohibition in recognition of these public and congressional sentiments.

RONALD REAGAN.

THE WHITE HOUSE, *October 1, 1985.*

## EXTENSION OF GOVERNING INTERNATIONAL FISHERY AGREEMENT BETWEEN THE UNITED STATES AND THE SOVIET UNION—MESSAGE FROM THE PRESIDENT—PM 85

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which, pursuant to PL 94-265 was referred jointly to the Committee on Commerce, Science, and Transportation and the Committee on Foreign Relations:

*To the Congress of the United States:*

In accordance with the Magnuson Fishery Conservation and Management Act of 1976 (the Act) (16 U.S.C. 1801 et seq.), I transmit herewith an exchange of Diplomatic Notes, together with the present agreement, extending the Governing International Fishery Agreement between the United States and the Union of Soviet Socialist Republics, signed at Washington on November 26, 1976, until December 31, 1986. The exchange of notes, together with the present agreement, constitutes a Governing International Fishery Agreement within the requirements of Section 201(c) of the Act.

In order to prevent the interruption of joint fishery arrangements between the United States and the Union of Soviet Socialist Republics when the current agreement expires on December 31, I urge that the Congress give favorable consideration to this extension at an early date.

RONALD REAGAN.

THE WHITE HOUSE, *October 1, 1985.*

## MESSAGES FROM THE HOUSE RECEIVED DURING THE RECESS

ENROLLED BILL SIGNED

Under the authority of the order of the Senate of January 3, 1985, the Secretary of the Senate, on September 30, 1985, during the recess of the Senate, received a message from the House of Representatives announcing that the Speaker had signed the following enrolled bill:

H.R. 3452. An act to extend for 45 days the application of tobacco excise taxes, trade adjustment assistance, certain medicare reimbursement provisions, and borrowing authority under the railroad unemployment insurance program.

Under the authority of the order of the Senate of January 30, 1985, the enrolled bill was signed on September 30, 1985, during the recess of the Senate, by the President pro tempore [Mr. THURMOND].

ENROLLED BILL SIGNED

Under the authority of the order of the Senate of January 3, 1985, the Secretary of the Senate, on October 1, 1985, during the recess of the Senate, received a message from the House of Representatives announcing that the Speaker had signed the following enrolled bill:

H.R. 3454. An act to extend temporarily certain provisions of law.

Under the authority of the order of the Senate of January 3, 1985, the enrolled bill was signed on October 1, 1985, during the recess of the Senate by the President pro tempore [Mr. THURMOND].

## MESSAGE FROM THE HOUSE

At 6:24 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the bill (H.R. 2959) making appropriations for energy and water development for the fiscal year ending September 30, 1986, and for other purposes; it agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. BEVILL, Mrs. BOGGS, Mr. CHAPPELL, Mr. FAZIO, Mr. WATKINS, Mr. BONER of Tennessee, Mr. WHITTEN, Mr. MYERS of Indiana, Mrs. SMITH of Nebraska,

Mr. RUDD, and Mr. CONTE as managers of the conference on the part of the House.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate.

H.R. 1963. An act to increase the development ceiling at Allegheny Portage Railroad National Historic Site and Johnstown Flood National Memorial in Pennsylvania, and for other purposes, and to provide for the preservation and interpretation of the Johnstown Flood Museum in the Cambria County Library Building, PA; and

H.R. 3384. An act to amend title 5, United States Code, to expand the class of individuals eligible for refunds or other returns of contributions from contingency reserves in the Employees Health Benefits Fund; to make miscellaneous amendments relating to the Civil Service Retirement System and the Federal Employees Health Benefits Program, and for other purposes.

## MEASURES REFERRED

The following bills were read the first and second times by unanimous consent, and referred as indicated.

H.R. 1963. An act to increase the development ceiling at Allegheny Portage Railroad National Historic Site and Johnstown Flood National Memorial in Pennsylvania, and for other purposes, and to provide for the preservation and interpretation of the Johnstown Flood Museum in the Cambria County Library Building, PA; to the Committee on Energy and Natural Resources.

H.R. 3384. An act to amend title 5, United States Code, to expand the class of individuals eligible for refunds or other returns of contributions from contingency reserves in the Employees Health Benefits Fund; to make miscellaneous amendments relating to the Civil Service Retirement System and the Federal Employees Health Benefits Program, and for other purposes; to the Committee on Governmental Affairs.

## MEASURE PLACED ON THE CALENDAR

The Committee on the Foreign Relations was discharged from the further consideration of the following joint resolution; which was placed on the calendar:

S.J. Res. 179. Joint resolution requesting the President of the United States to resume negotiations with the Soviet Union for a verifiable comprehensive test ban treaty.

## EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1801. A communication from the Deputy Assistant Secretary of the Army (Programs and Commercial Activities), transmitting, pursuant to law, a report on the conversion of the Commissary shelf stocking function at Sierra Army Depot, CA, to performance by contractor; to the Committee on Armed Services.

EC-1802. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report on the rescission of certain budget authority; pursuant to the order of January 30, 1975, referred jointly to the Committee on the Budget and the Committee on Appropriations.

EC-1803. A communication from the Secretary of Commerce, transmitting a draft of proposed legislation to grant subpoena authority to the Secretary of Commerce for administrative hearings conducted by the National Oceanic and Atmospheric Administration of the U.S. Department of Commerce, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC-1804. A communication from the Director of the National Science Foundation, transmitting, pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC-1805. A communication from the Secretary to the Council of the District of Columbia, transmitting, pursuant to law, a copy of Council Resolution 6-284 adopted on September 10, 1985; to the Committee on Governmental Affairs.

EC-1806. A communication from the District of Columbia Auditor, transmitting, pursuant to law, a report entitled "Rescission of Report entitled 'Outstanding Liens Against Samuel C. Jackson Plaza Project Parcels' "; to the Committee on Governmental Affairs.

EC-1807. A communication from the Administrator of General Services, transmitting, pursuant to law, a report on the cost of travel and operating of privately owned vehicles to Government employees while engaged on official business; to the Committee on Governmental Affairs.

EC-1808. A communication from the Secretary of Commerce, transmitting a draft of proposed legislation to amend title 5, United States Code, to change the position of the Director of the Census Bureau to Level IV from Level V in the Executive Schedule; to the Committee on Governmental Affairs.

EC-1809. A communication from the President of the National Safety Council, transmitting, pursuant to law, the audit report of the Council for the fiscal year ended June 30, 1985; to the Committee on the Judiciary.

EC-1810. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "1983 Payment-in-Kind Program Overview: Its Design, Impact, and Cost"; to the Committee on Agriculture, Nutrition, and Forestry.

EC-1811. A communication from the Acting Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on a foreign military assistance sale to the Netherlands; to the Committee on Armed Services.

EC-1812. A communication from the Deputy Assistant Secretary of the Air Force, transmitting, pursuant to law, a report on the decision to convert the grounds maintenance function at Pease AFB, NH, to performance under contract; to the Committee on Armed Services.

EC-1813. A communication from the Deputy Assistant Secretary of the Air Force, transmitting, pursuant to law, a report on the decision to convert the protective coating function at Andrews AFB, MD, to performance under contract; to the Committee on Armed Services.

EC-1814. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on a foreign military assistance sale to the People's Republic of China; to the Committee on Armed Services.

EC-1815. A communication from the Assistant Secretary of the Army transmitting a draft of proposed legislation to repeal requirements that each member of the National Guard receive a physical exam when called into, and when mustered out of, Federal service; to the Committee on Armed Services.

EC-1816. A communication from the President and Chairman of the Export-Import Bank of the United States transmitting, pursuant to law, a report on bank transactions with Communist countries during July 1985; to the Committee on Banking, Housing, and Urban Affairs.

EC-1817. A communication from the Secretary of Health and Human Services transmitting, pursuant to law, a report on studies evaluating the Medicaid Home and Community-based Care Waiver Program; to the Committee on Finance.

EC-1818. A communication from the Under Secretary of State transmitting, pursuant to law, a confidential report on the plans for implementation of travel controls on certain United Nations Secretariat employees; to the Committee on Foreign Relations.

EC-1819. A communication from the Assistant Secretary of State transmitting a draft of proposed legislation entitled "The Central American Counterterrorism Act of 1985"; to the Committee on Foreign Relations.

EC-1820. A communication from the D.C. Auditor transmitting, pursuant to law, a report on the UDC President's Representation Fund for fiscal year 1984; to the Committee on Governmental Affairs.

EC-1821. A communication from the Secretary of Education transmitting, pursuant to law, final regulations for miscellaneous amendments to the Rehabilitation Act of 1973, as amended; to the Committee on Labor and Human Resources.

EC-1822. A communication from the Vice Chairman of the National Council on Educational Research transmitting, pursuant to law, the eighth annual report of the Council for fiscal year 1983; to the Committee on Labor and Human Resources.

EC-1823. A communication from the Chief Immigration Judge, U.S. Department of Justice, transmitting, pursuant to law, a report on certain suspensions of deportation under sections 224(a) (1) and (2) of the Immigration and Nationality Act; to the Committee on the Judiciary.

EC-1824. A communication from the Governor of the Farm Credit Administration transmitting, pursuant to law, the annual report of the Administration for 1984; to the Committee on Agriculture, Nutrition, and Forestry.

EC-1825. A communication from the Assistant Secretary of the Navy transmitting, pursuant to law, a report on the decision to convert base operations functions at the Naval Air Station, Barbers Point, HI, to performance under contract; to the Committee on Armed Services.

EC-1826. A communication from the Secretary of the Housing and Urban Development transmitting, pursuant to law, the fiscal year 1985 report on the Rental Rehabilitation Program; to the Committee on Banking, Housing, and Urban Affairs.

EC-1827. A communication from the General Counsel of the Department of Energy transmitting, pursuant to law, notice of a

meeting of the International Energy Program on October 9, 1985; to the Committee on Energy and Natural Resources.

EC-1828. A communication from the D.C. Auditor transmitting, pursuant to law, a report reviewing the Marshal Heights Street Improvement Program; to the Committee on Governmental Affairs.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LUGAR, from the Committee on Foreign Relations, with an amendment, and amendments to the preamble:

S. Res. 68. A resolution congratulating the people of Cyprus on the twenty-fifth anniversary of their independence, and supporting the establishment of a Cyprus Cooperative Development Fund to foster improved intercommunal relations on Cyprus.

## EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. LUGAR, from the Committee on Foreign Relations:

Patricia Mary Byrne, of Ohio, a career member of the Senior Foreign Service, class of Minister-Counselor, to be Deputy Representative of the United States of America in the Security Council of the United Nations, with the rank of Ambassador.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Patricia M. Byrne.

Post: U.S. Mission to the United Nations.

Contributions, amount, date, and donee.

1. Self: None.

2. Spouse: Not applicable.

3. Children and spouses names: Not applicable.

4. Parents names: Edward F. Byrne (deceased); Mary K. Byrne (deceased).

5. Grandparents names: William P. Byrne (deceased); Elizabeth B. Byrne (deceased); Mr. and Mrs. (FNU) Kreutzer (deceased).

6. Brothers and spouses names: Not applicable.

7. Sisters and spouses names: Eileen Byrne Rubin, none; Dr. Mandel Rubin, none.

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Winston Lord, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the People's Republic of China.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination. 1/1/81 to present.

Nominee: Winston Lord

Post U.S. Ambassador to People's Republic of China

Contributions, amount, date, and donee.

1. Self: $50, 9/84, 1984, Elliot Richardson. $50, 1984, Jay Rockefeller.

3. Children and spouses names: Elizabeth P., none; Winston B., none.

4. Parents names: Mr. O.B. Lord, $200, 1984, Victor Ashe. Mrs. C. Lord (step), $150, 1984, Victor Ashe (Sen, Tenn.).

5. Grandparents names: Deceased.

6. Brothers and spouses names: Mr. and Mrs. Charles P. Lord, $100, 1984, Cong. Thomas Evans (Del.).

7. Sisters and spouses names: None.

Hugh Montgomery, of Virginia, to be the Alternate Representative of the United States of America for Special Political Affairs in the Untied Nations, with the rank of Ambassador, to which position he was appointed during the last recess of the Senate.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Hugh Montgomery.

Post: United Nations.

Contributions, amount, date, and donee.

1. Self: $25.00, 1982, 1984, Cong. Frank Wolf.

2. Spouse: None.

3. Children and spouses names: Hugh Montgomery, Jr., Maria Pauline Montgomery, None.

4. Parents names: J.R. Montgomery, Pauline Parker Montgomery, deceased.

5. Grandparents names: George M. Montgomery, Jennie S. Montgomery, deceased.

6. Brothers and spouses names: J.R. Montgomery, none.

7. Sisters and spouses names: no sisters.

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Herbert Stuart Okun, of the District of Columbia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be the Deputy Representative of the United States of America to the United Nations, with the rank and status of Ambassador Extraordinary and Plenipotentiary, to which position he was appointed during the last recess of the Senate.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Herbert Stuart Okun.

Post: Deputy Representative of the United States to the United Nations; Ambassador E. and P.

Contributions, amount, date, and donee.

1. Self: None.

2. Spouse: None.

3. Children and spouses names: Jennifer Okun (no spouse)—none; Elizabeth Okun (no spouse)—none; Alexandra Okun (no spouse)—none.

4. Parents names: Father: Irving J. Okun—died 1956; Mother: Ida Muriel Okun—died 1979.

5. Grandparents names: Harry Levine—died 1913 (ca.); Fanny Levine—died 1942; (FNU) Okun—died 1910 (ca.); Riva Okun—died 1940.

6. Brothers and spouses names: None.

7. Sisters and spouses names: Mrs. Gloria O. Freedgood—None; Mr. Warren M. Freedgood—None; Mrs. Selma O. Schefman—None; Mr. Raymond N. Schefman—None.

(The above nominations from the Committee on Foreign Relations were reported 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. HATCH:

S. 1715. A bill for the relief of the Precisa Calculating Machine Co., Inc.; to the Committee on the Judiciary.

By Mr. PELL (for himself and Mr. STAFFORD):

S. 1716. A bill to establish an Art Bank; to the Committee on Labor and Human Resources.

By Mr. PRYOR (for himself and Mr. BUMPERS):

S. 1717. A bill to require the Secretary of Defense and the Administrator of the General Services Administration to offer prior owners of real property on which deactivated Titan missile silos are located the right to purchase such property at fair market value; to the Committee on Armed Services.

By Mr. PACKWOOD:

S. 1718. A bill to establish rules for the deductability of business expenses of attending conventions in North America and certain Caribbean countries; to the Committee on Finance.

By Mr. CRANSTON:

S. 1719. A bill to amend the Fair Labor Standards Act of 1938 to permit a State or local government employee to take compensatory time off in lieu of compensation for overtime hours, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. HEINZ:

S. 1720. A bill to insure the payment of 1986 of cost-of-living increases under the Social Security Act without regard to the 3 percent threshold requirement; to the Committee on Finance.

By Mr. RIEGLE (for himself and Mr. CRANSTON):

S. 1721. A bill to amend the Social Security Act to provide for improved procedures with respect to disability determinations and continuing disability reviews and to modify the program for providing rehabilitation services to individuals determined under such act to be under a disability, and for other purposes; to the Committee on Finance.

By Mr. ARMSTRONG (for himself, Mr. BOREN, Mr. SYMMS and Mr. WARNER):

S. 1722. A bill to amend the Internal Revenue Code of 1954 to eliminate the separate mailing requirement for statements relating to interest, dividends, and patronage dividends, and for other purposes; to the Committee on Finance.

By Mr. CHAFEE (for himself, Mr. CHILES, and Mr. MATHIAS):

S. 1723. A bill to establish pilot programs to develop methods for parents of children between the ages of two and eight, who may be emotionally at risk, to enroll in adult literacy programs in which they will acquire the skills necessary to prepare their children for school and enhance their children's educational achievement through home learning; to the Committee on Labor and Human Resources.

By Mr. BOREN (for himself, and Mr. NICKLES):

S. 1724. A bill to authorize the Cherokee Nation of Oklahoma to design and construct hydroelectric power facilities at W.D. Mayo Lock and Dam; to the Select Committee on Indian Affairs.

By Mr. LAXALT

S. 1725. A bill to authorize a railroad-highway crossing demonstration project in Elko, NV; to the Committee on Environment and Public Works.

By Mr. DOLE (for Mr. LUGAR):

S. 1726. A bill to repeal section 121(b) of the International Security and Development Cooperation Act of 1985 (Public Law 99-83), relating to funding for the Special Defense Acquisition Fund; placed on the calendar.

By Mr. BENTSEN (for himself, Mr. JOHNSTON, Mr. INOUYE, Mr. BURDICK, Mr. NUNN, Mr. HOLLINGS, Mr. MATSUNAGA, Mr. BRADLEY, Mr. LAXALT, Mr. QUAYLE, Mr. MCCLURE, Mr. THURMOND, and Mr. COCHRAN):

S.J. Res. 210. Joint resolution designating the week beginning October 20, 1985 as "Benign Essential Blepharospasm Awareness Week"; to the Committee on the Judiciary.

By Mr. DURENBERGER:

S.J. Res. 211. Joint resolution to provide for the designation of the week of October 6, 1985, as "National Sudden Infant Death Syndrome Awareness Week"; to the Committee on the Judiciary.

By Mr. ARMSTRONG:

S.J. Res. 212. Joint resolution providing for the convening, whenever the legislatures of two additional States pass a resolution to hold such a convention, of a constitutional convention for the purpose of proposing an amendment relating to the balancing of the Federal budget; to the Committee on the Judiciary.

## SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DOLE (for himself and Mr. BYRD):

S. Res. 236. Resolution to authorize testimony of a Senate employee; considered and agreed to.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HATCH:

S. 1715. A bill for the relief of the Precisa Calculating Machine Co., Inc.; to the Committee on the Judiciary.

RELIEF OF PRECISA CALCULATING MACHINE CO., INC.

Mr. HATCH. Mr. President, today I am introducing legislation for the relief of the Precisa Calculating Machine Co., Inc., on behalf of my constituent, Mr. Eugene Wagner. The legislation directs the Secretary of the Treasury to pay the sum of $802,796 in full satisfaction of its claims for the losses sustained, expenses incurred, and damages suffered as a result of the seizure of the property of the corporation by the Internal Revenue Service resulting in the ultimate destruction of the company's business.

Legislation at this time is the only way Mr. Wagner may expect to receive any compensation for the inappropriate actions of the IRS between the period of 1954 and 1960. The Internal Revenue Service entered the picture in the fall of 1957 and on their own initiative unilaterally and arbitrarily decided that, during the audit period of 1954 through 1956, they would divide the profitable portion of the company, namely the orthopedic segment which was profitable, from the office equipment segment which had substantial losses, thereby disallowing the offset of most of the business losses against the greatest portion of business income. The result, of course, was a substantial tax deficiency.

During the time Mr. Wagner was seeking administrative relief and was appealing the assessments of the IRS in the U.S. Tax Court for the tax period of 1954, 1955, and 1956, the IRS in January 1958 imposed jeopardy assessments against the corporation and its assets as well as against Mr. Wagner's personal assets. On June 10, 1959, the Service auctioned off some property being held on the premises of the corporation but not actually belonging to the corporation. In April 1960 the Service again held a public auction to sell assets of the corporation and again sold assets belonging to other parties as well as corporate assets. The case was still pending in the U.S. Tax Court when this latter auction took place. In May 1961, the U.S. Tax Court upheld the corportion's position and found no tax due. By that time, the IRS had effectively seized the assets of the Precisa Calculating Machine Co., and Mr. Wagner's personal assets causing complete destruction of the company.

The Senate Committee on the Judiciary has been requested to examine the merits of this legislative proposal as it pertains to the injustice done to this particular U.S. citizen taxpayer. The legislation is similar to the bill introduced by former Senator Wallace Bennett on June 6, 1974.

By Mr. PELL (for himself and Mr. STAFFORD):

S. 1716. A bill to establish an Art Bank; to the Committee on Labor and Human Resources.

NATIONAL ART BANK ACT

● Mr. PELL. Mr. President, today I am again submitting legislation to establish a National Art Bank.

The purpose of the Art Bank is twofold. First it will beautify public spaces by making works of art available for display and second, it will assist American artists through its ability to purchase their work.

I firmly believe that our Government's efforts to support the arts and our artists in particular could be complemented and strengthened through the creation and development of a National Art Bank.

The bill that I am reintroducing today would establish such an Art Bank within the National Endowment for the Arts. The Bank would be headed by a Director, who would be appointed by the Chairman of the Endowment and who would report directly to the Chairman with respect to the activities of the Art Bank.

The Director of the Art Bank would be responsible for appointing ad hoc juries of artists and recognized professionals who are respected in the artistic community to view and judge artwork submitted by artists and galleries. Visits to artists' studios and art galleries by the juries might also be necessary from time to time, but the judging and selection process would be carried out primarily in Washington. With the assistance and guidance of these juries, the Director would select works of art by American artists and purchase them at fair market value. The foremost criterion for selection of art would be the quality of the work.

The Director would also require those artists who receive visual artists fellowships from the National Endowment for the Arts to donate one of their own workers to the Art Bank. This work can be of the artists' own choosing.

These works together would constitute the Art Bank collection and would be made available to public and private facilities for display.

All Federal facilities could borrow works from the Art Bank. The General Services Administration would supervise loans to executive departments and agencies. The Architect of the Capitol would supervise loans to the Congress, and the Director of the Administrative Office of the U.S. Courts would supervise loans to Federal court buildings and facilities. Museums could also receive works on loan and free of charge from the Art Bank.

The Art Bank Director would be encouraged to sponsor exhibitions of Art Bank holdings, and to help State and local governments and nonprofit institutions set up their own art banks.

Public auctions could be held from time to time in order to reduce longstanding inventories and to allow regular renewal of the Art Bank collection. Through such sales, as well as rental fees, the Art Bank would be able to recover a substantial part of the Federal investment in it.

The bill provides for a 3-year authorization of $1.5 million in fiscal year 1987, $2 million in fiscal year 1988, and $3 million in fiscal year 1989. Not more than $200,000 each year could be used for the cost of administering the program.

Mr. President, I believe that the establishment of a National Art Bank within the National Endowment for the Arts would be a most effective way at modest cost to assist the artists in our country. Ours is a Nation with many fine professional artists who do not find adequate support or opportunities for exhibition before the public. Yet the work of these often overlooked Americans constitutes one of the most precious assets that we are able to pass from one generation to the next.

If the purpose of a government of the people, by the people, and for the people, is to foster the fullest realization of all the human qualities of its citizens, then that government must clearly nurture the arts. John Adams said:

I must study politics and war, that my sons may have the liberty to study mathematics and philosophy . . . to give their children the right to study painting, poetry, and music.

During a recession period, artists are just as vulnerable to the economic downturn as are steel workers and autoworkers. Artists in fact were assisted during the 1930's by the Government's Works Projects Administration. They were sustained and nurtured and were able to keep right on working through the Depression. This momentum ultimately produced the uniquely American abstract expressionist style in the 1950's. Whatever the original goal may have been for the WPA, it turned out to have a very beneficial influence on the arts in this country.

The Art Bank would bring our artists today, not only the reward and recoginition they deserve, but also the means for exposure. Art is not art unless it is seen. The Art Bank will become the vehicle by which high quality art will be brought into the daily lives of large numbers of American citizens. It will serve as the intermediary, the agency to select the art and then to arrange its presentation to the public.

Even with the cost limitations set forth in my bill, it will be possible to inaugurate this special program by informing artists across the country about the Art Bank, by bringing their work before a large cross-section of the American public and by enhancing the everyday environment of millions of people. The public facilities within which the Art Bank collection can be displayed will become lively attractive places and our Federal Government will be providing crucial support for our working American artists.

I have received many constructive and positive comments on this proposal. I would hope that my colleagues and the administration as well as artists, art dealers, and the general public would continue this dialog in the hopes of developing a vital and useful National Art Bank.●

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By Mr. PRYOR (for himself and Mr. BUMPERS):

S. 1717. A bill to require the Secretary of Defense and the Administrator of the General Services Administration to offer prior owners of real property on which deactivated Titan missile silos are located the right to purchase such property at fair market value; to the Committee on Armed Services.

OFFERING DEACTIVATED MISSILE SITES FOR PURCHASE BY PRIOR OWNERS

● Mr. PRYOR. Mr. President, today I'm introducing legislation that will authorize the Federal Government—through the Defense Department and the General Services Administration—to offer land that now contains Titan missiles to the previous owners at a fair market value. I'm pleased that my colleague from Arkansas, Mr. BUMPERS, is joining me in introducing this measure.

Mr. President, about 25 years ago the Federal Government, through its power of eminent domain, condemned certain lands in three States—Arkansas, Arizona, and Kansas—so that silos for Titan missiles could be built for our defense. In Arkansas, 18 such sites were selected in rural areas of our State. At the time they were taken by the Federal Government, most of these parcels were owned by small farmers for growing certain crops, or allowing beef and dairy cattle to graze. In most of those instances, the individuals who owned the land at the time it was taken have continued to farm the land.

Currently, Mr. President, the Titan missiles are being deactivated. The missiles in Arkansas are scheduled to be completely deactivated by 1987. A logical question is what will happen to this property once the deactivation process is completed? Under present law, the land would probably be declared "surplus" property and then offered to other agencies of the Federal Government, and then maybe the individual States involved. This seems wrong to me in this particular situation, Mr. President, since this land is no longer needed, it is located in mostly rural areas, and also, since the individuals who owned it some 25 years ago are still living close by and earning a living off the land. It seems only fair to give these original landowners—or their heirs or estates—the opportunity to buy this land back at the present fair market value.

Mr. President, the Federal Government will have no more use for the land. For this reason, there is no reason for the surplus property laws to apply. Further, since the bill we're introducing provides for the sale to be at the fair market price, it makes good sense for the Federal Government.

Mr. President, I hope the appropriate Senate committee will hold hearings on this measure, and I sincerely hope that we can promptly enact this measure. It is equitable, it makes good economic sense, and it will allow these men and women to use land that was formerly their property in their farming operations.

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. 1717

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) notwithstanding any other provision of law, as soon as practicable after the deactivation of any Titan missile silo, the Secretary of Defense and the Administrator of General Services shall offer to sell the real property, together with any improvements thereon, on which such silo is located to the person from whom the United States acquired such property or, in the event such person is not living at the time of the deactivation, to the heirs or estate of such person. The Secretary of Defense and the Administrator of General Services shall—

(1) make such offer to such person (or to the heirs or estate of such person) before—

(A) declaring such property to be excess property or surplus property under the Federal Property and Administrative Services Act of 1949; and

(B) offering such property for sale or lease, or disposing of such property in any other manner, to any person, organization, or entity other than the person from whom the United States acquired such property (or the heirs or estate of such person); and

(2) offer such property for sale to such person (or to the heirs or estate of such person) at a price equal to the fair market value of such property at the time the offer is made.

(b) If a person (or the heirs or estate of a person), accepts an offer made under subsection (a), the Secretary of Defense and the Administrator of General Services shall enter into a contract with such person (or with the heirs or estate of such person) for the sale of the real property. The contract shall provide for the sale of such property at the fair market value, as determined by the Administrator of General Services or, at the request of the purchaser, an independent appraiser designated by both the Administrator and the purchaser. The contract shall contain such other terms and conditions as may be mutually agreed to by the Secretary of Defense, the Administrator of General Services, and such person (or the heirs or estate of such person).●

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By Mr. CRANSTON:

S. 1719. A bill to amend the Fair Labor Standards Act of 1938 to permit a State or local government employee to take compensatory time off in lieu of compensation for overtime hours, and for other purposes; to the Committee on Labor and Human Resources.

STATE OR LOCAL GOVERNMENT EMPLOYEE COMPENSATORY LEAVE

Mr. CRANSTON. Mr. President, today I am introducing legislation to make more flexible the means a State or local government can use to compensate its workers for working overtime under the Fair Labor Standards Act.

My bill would make it legally possible, when agreed upon in advance under a collective-bargaining agreement or individual employment contract, for a State or local government to pay its workers for overtime hours

worked either with overtime pay—as is now the exclusive option—or with compensatory time off.

On February 19, 1985 the U.S. Supreme Court reversed existing law in Garcia versus the San Antonio Metropolitan Transit Authority, deciding that State and local governments were not exempt from the Fair Labor Standards Act minimum wage and overtime pay requirements.

Before the Garcia decision, most State and local governments—especially those employing firefighters and police—compensated their workers who worked overtime by permitting them to take compensatory time off.

The sudden and unexpected application of the Garcia decision created two new problems.

First, because the FLSA currently specifies only overtime pay as compensation for overtime work, State and local governments face unanticipated fiscal demands on their budgets for overtime work.

Second, many public employees actually prefer compensatory time off to overtime pay.

Again, firefighters, police and their employers, because of the unique nature of the employment, are most directly affected. Police must work 43 hours in a single week, and firefighters 53 hours, rather than the standard 40, before overtime requirements apply under the FLSA. Given their unusual shifts, many of these workers have grown accustomed to and prefer compensatory time off. Most other State and local public employees seldom, if ever, are required to work overtime.

The Garcia decision produced a strong outcry from State and local public officials facing new, unanticipated budget costs, to which many in Congress have promptly responded, but in varying ways.

However, Mr. President, I believe some of the proposed responses are Draconian.

I, for one, believe that police officers, firefighters and others in public service should be compensated for their extra work, and that the public agencies that employ them should be required to meet at least minimal labor standards. Merely overturning the Garcia decision, to restore "voluntary" overtime pay, is, in my judgment an antiworker, extreme solution, that discriminates unfairly against public employees.

But Garcia did create an inflexible situation which we need to change.

The bill I am introducing today would alleviate that inflexibility by making clear that State and local governments can, under the Fair Labor Standards Act, offer compensatory time to their workers, in lieu of overtime pay, for overtime hours worked, if comp time has been provided for in the applicable collective bargaining agreements or individual employee contracts.

This would maintain the coverage of public employees under the FLSA, but apply it more flexibly.

It would particulary meet the needs of firefighters and police.

And, it would lessen the budgetary burden on State and local governments by restoring the situation which most of these governments expected to face prior to the Garcia decision, and permit these governments to provide to their workers a preferred option presently barred by the Court decision in Garcia.

This legislation would serve the interests of both employers and workers, as well as the public and taxpayers—by reducing the costs of government. I urge its early adoption.

I ask that the bill be printed in the RECORD.

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

S. 1719

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That section 7 of the Fair Labor Standards Act of 1938 is amended by adding at the end thereof the following new subsection:

"(o) No State or local government employer shall be deemed to have violated subsection (a) by employing any employee for a workweek in excess of the maximum workweek applicable to such employee under subsection (a) if, pursuant to—

"(1) a contract made between the employer and the employee individually, or

"(2) an agreement made as a result of collective bargaining by representatives of such employees entered into prior to the performance of the work,

the employer at a written request of the employee grants the employee compensatory time off with pay in a subsequent workweek in lieu of payment of the number of hours worked in such current workweek in excess of the maximum workweek applicable to such employee under subsection (a). For purposes of determining the maximum workweek applicable to such employee under subsection (a), and the rate of pay due to the employee, compensatory time used by the employee shall be considered hours actually worked during the workweek in which used.".

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By Mr. HEINZ:

S. 1720. A bill to insure the payment in 1986 of cost-of-living increases under the Social Security Act without regard to the 3-percent threshold requirement; to the Committee on Finance.

SOCIAL SECURITY ACT COLA THRESHOLDS

● Mr. HEINZ. Mr. President, I rise to call the attention of the Senate to the ironic prospect that, despite all of our efforts to the contrary, Social Security beneficiaries may receive no cost-of-living adjustment in 1986. This may surprise those who remember the debate earlier this year on the question of whether to pay the 1986 COLA and who recall that the Congress agreed Social Security beneficiaries should receive the full 1986 COLA. Now that all the furor and controversy has subsided, it appears that the actions of the Congress may be thwarted by a minor, outdated, technical provision in the law that postpones the payment of the COLA when inflation falls below 3 percent.

Mr. President, I am confident no Member of Congress intended that this should happen, and I am sure none of us would want it to happen. For this reason, I am introducing legislation today to eliminate permanently the 3-percent threshold for Social Security COLA's, and ensure that the 1986 Social Security COLA is paid, no matter how low inflation is this year. It is my intention to offer this legislation as an amendment to the deficit reduction bill or some other appropriate bill to ensure that it is enacted in time.

Some of my colleagues may recall that we faced a similar problem at the end of last year and that the Congress enacted legislation to correct it. This is true, but the correction we enacted was for 1 year only—we waived the 3-percent threshold to guarantee that the 1985 COLA would be paid. Now we face again the prospect that the increase in the Consumer Price Index may fall below 3 percent. As of July, the annual increase in the CPI was about 3.5 percent. The latest available data on the CPI suggests that the increase that will be used in determining the COLA will be lower. This week, the Bureau of Labor Statistics announced that the rate of increase in the CPI for the month of August was 0.2 percent—an annual rate of 2.5 percent. In addition, the Producer Price Index, which usually presages change in the CPI, fell by 0.3 percent in August. If the CPI were to decline in September by as little as 0.3 percent, the annual CPI used in determining the COLA would fall below 3 percent.

This administration's success in bringing inflation under control is a great achievement. For 3 years now, young and old alike have enjoyed inflation rates as low as any of us can remember. It is my firm hope that low inflation rates will continue for some time to come. I hope, at the same time however, that we are not going to make an annual event of this last minute scramble to ensure that Social Security COLA's get paid. For this reason, I urge my colleagues to join me in eliminating the 3-percent threshold in the Social Security COLA permanently.

Mr. President, the 3-percent threshold is truly an anachronism. In 1972, when the Congress enacted the automatic annual cost-of-living increase, the 3-percent COLA threshold was included so that the Social Security Administration would not have to go

through the then time consuming and costly business of computing and paying the annual COLA when the amount was small. In the interim, however, Social Security's computer capabilities have greatly improved, and the cost and hassle of posting the annual COLA are no longer what they were then.

In fact, it might surprise my colleagues to learn that eliminating the 3-percent threshold would actually save a little money. Although common-sense would suggest that not paying a COLA in any 1 year would result in savings, in fact the opposite is true. Anytime the COLA is not paid in 1 year, it is deferred and added to the increase for the next year, so that benefits actually catch up the second year. In addition, new retirees in the second year receive a windfall—they have their wage records increased for the first year's inflation, and their benefits increased for both years' inflation in the second year. Finally, the Social Security wage base and the earnings test, the premium paid by beneficiaries under Medicare part B, and SSI benefit levels are all tied to the COLA and are frozen when inflation is below 3 percent. The net effect of freezing benefits and taxes and the resulting windfalls is a small loss to the Social Security trust funds—one that could be avoided by eliminating the 3-percent threshold.

The Office of the Actuary of the Social Security Administration recently provided the chairman of the Finance Committee with a report on the long-term effects of eliminating the 3-percent threshold, as required by last year's legislation. Their conclusion was that the elimination of the threshold, effective December 1986, would save the old age, survivors, and disability insurance trust funds 0.02 percent of taxable payroll over the next 75 years. I ask unanimous consent that excerpts from their August 30 report be included in the RECORD following my statement. In addition, Robert Myers, who is the former Chief Actuary of the Social Security Administration and Executive Director of the National Commission on Social Security Reform and who is widely regarded as the leading expert on these matters, has testified in favor of eliminating the 3-percent threshold. I ask unanimous consent that his testimony last year to the House Ways and Means Committee be included in the RECORD. as well. Finally, I ask that the full text of the bill be printed in the RECORD.

I strongly urge my colleagues to join me in this important piece of legislation, Mr. President, and I encourage its swift consideration and adoption.

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

S. 1720

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) in determining whether the base quarter ending on September 30, 1985, is a cost-of-living computation quarter for the purpose of the cost-of-living increases under sections 215(i) and 1617 of the Social Security Act—

(1) the phrase "is 3 percent or more" appearing in section 215(i)(1)(B) of such Act shall be deemed to read "is greater than zero"; and

(2) the phrase "exceeds by not less than 3 per centum, such Index" appearing in section 215(i)(1)(B) of such Act as in effect in December 1978 shall be deemed to read "exceeds such Index".

(b) For purposes of section 215(i) of the Social Security Act, the provisions of subsection (a) shall not constitute a "general benefit increase".

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DEPARTMENT OF HEALTH AND HUMAN SERVICES, SOCIAL SECURITY ADMINISTRATION,

*August 30, 1985.*

Hon. BOB PACKWOOD,
*Chairman, Committee on Finance,*
*U.S. Senate,*
*Washington, DC.*

DEAR MR. CHAIRMAN: Enclosed is a report required by Section 2 of Public Law 98-604. That law requires the Office of the Actuary, Social Security Administration, to "conduct a study of improvements which might be made in the application and operation of the cost-of-living adjustment [COLA] provisions in section 215(i) of the Social Security Act . . ." and to submit a full and complete report of the study to your Committee and to the Committee on Ways and Means of the House of Representatives, by September 1, 1985.

In accordance with Public Law 98-604, the study included the following specific areas: (1) the long-term effects of eliminating the "trigger" provision, which requires that the cost of living have increased by at least 3 percent before a COLA can occur, (2) the long-term effects of reducing the trigger percentage from 3 percent to 1 percent, (3) the assumed distribution of future annual changes in the Consumer Price Index (CPI), and (4) an analysis of the periods currently used to measure CPI and wage increases and the long-term effects of changing such periods so as to make the COLA noncumulative for persons who become eligible for benefits in the year following a foregone COLA, or to use different calendar quarters.

Sincerely,

HARRY C. BALLANTYNE,
*Chief Actuary.*

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REPORT OF ACTUARY OFFICE: SOCIAL SECURITY ADMINISTRATION

INTRODUCTION

This report has been prepared as required by section 2 of Public Law 98-604, enacted into law on October 30, 1984. That law requires the Office of the Actuary, Social Security Administration, to "conduct a study of improvements which might be made in the application and operation of the cost-of-living adjustment [COLA] provisions in section 215(i) of the Social Security Act . . ." and to submit a full and complete report of the study to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate, by September 1, 1985. In accordance with Public Law 98-604, the study included the following specific areas: (1) the long-term effects of eliminating the "trigger" provision, which requires that the cost of living have increased by at least 3 percent before a COLA can occur, (2) the long-term effects of reducing the trigger percentage from 3 percent to 1 percent, (3) the assumed distribution of future annual changes in the Consumer Price Index (CPI), and (4) an analysis of the periods currently used to measure CPI and wage increases and the long-term effects of changing such periods so as to make the COLA noncumulative for persons who become eligible for benefits in the year following a forgone COLA, or to use different calendar quarters.

Section I of this study includes a description of the current COLA provisions. Sections II and III include analyses of possible changes in the COLA trigger and the measurement of the increase percentage for the COLA, respectively. Appendix B describes in detail the method used for protecting the distribution of future annual increases in the CPI. Appendix C describes in detail the relative merits of various average-wage indices in the context of the COLA "stabilizer" provision.

I. COLA'S AND RELATED PROVISIONS UNDER PRESENT LAW . . .

*B. COLA trigger*

The requirement that the cost-of-living increase be at least 3 percent before a COLA can be provided is generally known as the COLA trigger. A trigger was included in the law not only to restrain costs, but also to avoid the administrative complexities associated with processing benefit increases of small magnitude. When the original COLA provisions were enacted into law in 1972, the Office of the Actuary was assuming that future inflation would average 2.75 percent annually. The 3-percent trigger level was selected so that automatic COLAs would be provided only if inflation exceeded that average rate. In the mid-1970s, however, the rate of inflation began to rise rapidly, and CPI increases have exceeded the 3-percent trigger in every year since the COLA provisions became effective, in 1975.

In 1984, however, the CPI rose quite slowly, and concern was raised that the 3-percent trigger would not be met.[1] Also, as discussed later, current economic assumptions imply that CPI increases will not exceed the trigger about one-third of the time. The effects of not reaching the trigger on OASDI benefit amounts and program financing are of considerable interest.

Whenever any future increase in the CPI is less than 3.0 percent, there will be several effects, under present law, which can be classified as follows: (1) the direct effects on benefit levels of beneficiaries who (a) are eligible to receive benefits for the December for which no COLA is provided, or (b) become eligible in the following calendar year; (2) the effect on the earnings base; and (3) the effect on the retirement earnings test exempt amounts. These three effects are discussed below.

1. Direct effect on benefit levels

The first and most obvious effect of not having an automatic COLA triggered in a given year is that benefits payable for the 12-month period beginning with December of that year will not be updated to reflect

[1] In fact, the CPI increase did exceed the trigger percentage; the COLA effective for December 1984 was 3.5 percent. This and the 3.5-percent COLA for December 1983 have been the smallest automatic COLAs.

the change in the cost of living for persons who are then eligible for benefits. This lack of updating is temporary, however; the automatic COLA for the following December will use the same prior quarter as a base, thus accumulating the change in the CPI which was temporarily forgone due to the trigger provision. This 2-year CPI increase would generally be sufficient to trigger a COLA for the following year.

The fact that the first automatic COLA after one or more prior COLAs have been forgone is based on the accumulated change in the CPI over more than a 1-year period, however, creates a distortion for persons who first become eligible in the year that the "accumulated" COLA becomes effective. These beneficiaries receive, in their first COLA, an adjustment for changes in the cost of living that occurred not only for the time after initial eligibility, but also for one or more years prior to initial eligibility. The accumulated adjustment for the year(s) prior to initial eligibility is most likely to be positive—up to 2.9 percent—resulting in a larger increase in the benefit level than would be needed to maintain purchasing power. The accumulated adjustment for year(s) prior to initial eligibility could be negative (though rarely), resulting in a smaller increase than would be needed to maintain purchasing power. In both cases, the effect seems to be inconsistent with the purpose of the COLA provisions. This matter is discussed further in subsection II.D.

The financial consequences for the OASDI program of the direct benefit effects described above—forgoing the COLA in the first year and paying inappropriate COLAs to newly eligible beneficiaries in the subsequent year—are in opposite directions and, in the long run, very nearly offset each other. The lower benefit level—than that which would occur in the absence of the trigger provision—for the 12-month period beginning with December for all persons then eligible, results in an immediate, substantial savings to the OASDI program, almost all of which occurs in the first calendar year. The generally higher benefit level for all future months, beginning with the following December for those who become newly eligible during the year following the forgone COLA, results in small annual cost increases which continue for many years into the future. Expressed as percentages of taxable payroll, the 1-year savings and the many years of small additional cost eventually roughly offset each other. Because long-range actuarial estimates are limited to a 75-year valuation period, some of the years with small additional cost resulting from forgone COLAs between 2030 and 2059 will not be included in current long-range estimates. Thus, the long-range estimate does not fully reflect the cost.

2. Effect on earnings base

Section 230(a) of Social Security Act requires that the contribution and benefit base (generally referred to as the earnings base) be increased (based on the change in the average wage) effective with the year following a year in which an automatic COLA becomes effective. (The earnings base cannot be reduced, under present law.) If no automatic COLA becomes effective for December of a year, the law does not provide for any increase in the base for the following year. The next increase in the earnings base will, however, reflect the accumulated increase in the average wage.

The financial impact of delaying the increase in the earnings base for a given year is a significant reduction in the taxable payroll for that year. This is generally only a 1-year effect, however, because the increase in the earnings base for the following year reflects the accumulated change in average wages. The reduction in taxable payroll, and thus, in income to the OASDI program for a year in which the base is not increased, would eventually be partially offset by lower benefit levels for workers who had earnings above the base in that year. These earnings would have been at least partially covered and credited for benefit-computation purposes if the base had been increased. This partial offset would be insignificant for several years because it would not be realized until the affected workers become eligible for benefits. Much of this partial offset would occur after the end of the 75-year long-range period, for years after 2000 in which the base would not be increased. Even if the valuation period were not limited, however, the offset would be only partial because the workers who would be affected—those with high earnings—generally have high benefit levels, with a marginal PIA-formula factor of 15 percent. Thus, relatively little reduction in benefit levels would result from not increasing the base.

3. Effect on retirement earnings test exempt amounts

Section 203(f)(8)(A) of the Social Security Act requires that the exempt amounts for the retirement earnings test be increased (based on the change in the average wage), effective with the year following a year in which an automatic COLA becomes effective. (The exempt amounts cannot be reduced, under present law.) When no automatic COLA becomes effective, the law does not provide for such increase, although as with the earnings base, the next increase in the exempt amounts is cumulative.

The long-range effective on the OASDI program of delaying the increase of the exempt amounts when no COLA is triggered is negligible, for two reasons. First, the number of persons who would receive lower benefits for the year in which the exempt amounts are not increased is relatively small. Second, the reduction in benefit payments for that year would be partially or completely offset by higher benefit payments in later years. These higher benefit payments would be caused by adjustments of actuarial reduction factors and the additional delayed retirement credits that would result from the withholding of more benefits for the year in which the exempt amounts were not increased.

4. Net effect on the OASDI Program

The combined effect of all of the aforementioned implications of the current COLA trigger is a small long-term cost. This is due to the unintended increase in purchasing power that would apply to the benefits for persons who become eligible in the year after a COLA is forgone. As noted above, the cost of those increases roughly offset the savings that occur in the year immediately following the forgone COLA. If this problem were corrected, the trigger provision would result in a small long-term savings.

II. POSSIBLE CHANGES TO THE TRIGGER PROVISION

This section analyzes the possible changes to the trigger provision specifically mentioned in P.L. 98-604.

*B. Effect of eliminating the trigger*

The present COLA provisions allow for only increases in benefits. If the CPI actually declined for a measuring period, this would not affect benefits immediately, but would reduce the subsequent COLA, as described previously. For the purpose of analyzing elimination of the trigger, the procedure for reflecting decreases in the CPI is assumed to remain unchanged, but increases as small as 0.1 percent (after rounding to the nearest one-tenth of 1 percent) would result in a COLA being paid.

Permanent elimination of the trigger, as described above, effective for the December 1986 COLA, would result in a net long-range savings to the OASDI program of 0.02 percent of taxable payroll, based on the intermediate (alternative II-B) assumptions of the 1985 Trustees Report. The estimated net savings consist of (1) a savings of 0.02 percent of payroll from the effect on the earnings base, (2) a cost of 0.08 percent of payroll from higher benefits during the 12 months after each COLA of 0.1 to 2.9 percent, inclusive, and (3) a savings of 0.07 percent of payroll from the elimination of unintended accumulations of CPI increases for beneficiaries who become eligible in the year following such a COLA. (The net effect differs from the sum of the components because of rounding.) If the unintended accumulations of newly eligible beneficiaries were eliminated separately (see subsection D), then subsequent elimination of the trigger would have an incremental net cost of 0.06 percent of payroll.

If the trigger were eliminated, the probability of not having a COLA in any given year would be greatly reduced. Years without COLAs would still occur, however, during infrequent periods of deflation or no increase in the CPI, which are expected to occur about 3 percent of the time, based on the intermediate (alternative II-B) assumptions of the 1985 Trustees Report.

*C. Effect of changing the trigger percentage to 1.0 percent*

Under a proposal to reduce the COLA trigger percentage from 3.0 percent to 1.0 percent, no COLA would occur—i.e., the CPI increase would be less than 1.0 percent—about 7 percent of the time. This would result in a net long-range savings to the OASDI program of 0.01 percent of taxable payroll, based on the intermediate (alternative II-B) assumptions of the 1985 Trustees Report. The estimated net savings consist of the same three elements described above for the proposal to eliminate the trigger; the separate effect of each element is slightly smaller in magnitude than the value shown for the previous proposal. Reduction of the trigger percentage to 1.0 percent after separate elimination of the unintended accumulations for newly eligible beneficiaries (see below) would have an incremental net cost of 0.06 percent of payroll.

*D. Effect of eliminating accumulation of CPI increases for newly eligible beneficiaries*

For a beneficiary becoming newly eligible during a year, the benefit level is computed using the PIA formula updated for January of that year. The resulting benefit level is generally increased by automatic COLAs each December, starting with the year of eligibility. If the trigger provision results in no COLA being effective for the December prior to the year of eligibility, however, then the change in CPI is accumulated, and the COLA for the year of eligibility is based on a 2-year increase in the CPI. This generally would result in an unintended permanent increase in the purchasing power of the benefit to a level higher than that of

the initial benefit.[2] Elimination of this unintended increase, while retaining the present 3.0-percent trigger level, would result in a long-range savings to the OASDI program of 0.07 percent of taxable payroll, based on the intermediate (alternative II-B) assumptions of the 1985 Trustees Report.

Eliminating the unintended accumulation of CPI increases for newly eligible persons would require separate COLAs to be applied for December of the year following a forgone COLA. The COLA based on the accumulated CPI increase would apply to those beneficiaries who were eligible when the COLA was forgone, and a separate COLA without the accumulation would apply to those beneficiaries who became eligible after the COLA was forgone.

If the COLA trigger percentage were not changed from the present level of 3.0 percent, COLAs would be forgone and the resulting unintended increases in the purchasing power of benefits for subsequently eligible beneficiaries would occur about one-third of the time, based on the intermediate (alternative II-B) assumptions of the 1985 Trustees Report. These unintended accumulations of CPI changes would occur less frequently if the trigger percentage were reduced to 1.0 percent or eliminated. Elimination of the unintended accumulations after reduction to 1.0 percent or elimination of the trigger would have a negligible long-range effect.

STATEMENT BY ROBERT J. MYERS PRESENTED TO THE COMMITTEE ON WAYS AND MEANS, HOUSE OF REPRESENTATIVES, SEPTEMBER 11, 1984, WITH REGARD TO THE SOCIAL SECURITY COST-OF-LIVING INCREASE

Mr. Chairman and Members of the Committee: My name is Robert J. Myers. I served in various actuarial capacities with the Social Security Administration and its predecessor agencies from 1934 to 1970, being Chief Actuary the last 23 years. In 1981-82, I was Deputy Commissioner of Social Security. Then in 1982-83, I was Executive Director of the National Commission on Social Security Reform. In 1979-81, I was a member of the National Commission on Social Security, having been appointed by the House of Representatives.

I shall first give my views as to the elimination of the 3% trigger requirement for cost-of-living (COLA) increases for Social Security benefits. Then for the record, I will describe how this COLA procedure operates under present law for 1983 and after. Finally, I will discuss the cost aspects of the proposal to eliminate the trigger for the December 1984 COLA—and also as to permanent elimination.

The latest available data on the CPI (through July) indicate the very strong likelihood that the increase from the third quarter of 1983 to the third quarter of 1984 will be about 2.8% or 2.9%. The possibility exists, considering the volatility of the CPI, that the rise could be 3.0% (or even somewhat more), in which event the immediate problem with which we are now concerned will have vanished. Nonetheless, I believe that action should be taken on the basis that the 3% trigger point will not be reached.

[2] The accumulation of CPI changes would result in a decrease in the purchasing power of the benefit if a decrease in the CPI were to occur. This is assumed to occur about 3 percent of the time.

MY VIEWS ON PROPOSAL TO ELIMINATE THE 3% TRIGGER

From a policy and program-design standpoint, the elimination of the 3% trigger requirement is very desirable. Such requirement was initially provided in legislation in 1972 solely for administrative reasons (because of the difficulty then of making the increase applicable to so many millions of checks). Now, as a result of improved operating efficiency, such reason is no longer pertinent.

Another reason for eliminating the trigger requirement as now in the law is that it over-benefits some beneficiaries—namely, those who first become eligible in the year after that in which the trigger requirement is not met. Specifically, under present law, let us assume that the CPI increase is 2.9% for the December 1984 COLA, and that arbitrarily the CPI increase from the third quarter of 1984 to the third quarter of 1985 is 5.0%.

Then, persons who were eligible for benefits in 1984 or before would receive no COLA until December 1985, when it would be 8.0% (1.029x1.050−1=.080). The beneficiaries who first become eligible in 1985 will, of course, receive no COLA until December 1985, but then, under present law, a COLA also amounting to 8.0% will be payable to them—although logically, they should receive only 5.0% (the reason that the overly large COLA is provided by the legislation for the last cohort of eligibles than the earlier eligibles is the administrative simplicity involved).

The result of the overly large COLA in December 1985 for the 1985 eligibles is to produce another "notch" problem—as between the 1985 and 1986 eligibles. And I would think that the Congress would wish to have no further "notch" situations such as occurred in the 1977 Act as between those who attained age 62 after 1978 as against those who did so in 1978 (i.e., those born in 1917 and later, versus those born in 1916 and earlier).

The extent of the "notch" that will arise unless the 3% trigger requirement is removed may be shown for two persons with maximum covered earnings in all years since 1951. The only difference between the two individuals is that one attained age 62 at the end of 1985, and the other did so a few days later, in early 1986. Let us assume the trend for the CPI is that as used previously and that the increase in the nationwide average wage (as used in the wage indexing series for the computation of the Primary Insurance Amount) is 5.0% from 1982 to 1983 (which is quite probable) and 4.0% from 1983 to 1984 (which is reasonable, based on current data).

The resulting Primary Insurance Amounts for these two individuals are as follows:

| Individual who attains age 62 in— | If law is not changed | If 3 percent trigger is waived |
|---|---|---|
| 1985 | $809.10 | $787.50 |
| 1986 | 775.00 | [1] 775.70 |
| Excess for 1985 case | 34.10 | 11.80 |

[1] The PIA is increased slightly because of the higher earnings base in 1985 under these assumptions ($39,600). Similar slight effect occurs for the 1985 case.

Thus, it can be seen that a significant "notch" will occur if the 3% trigger requirement is not waived for the December 1984 COLA. (The small difference remaining after such action is taken is something that tends to occur in all years under the otherwise necessary and reasonable decoupling procedure adopted in the 1977 Act. The difference, which arises from the effect of varying lags between wage and price trends, will always be relatively small and can move in either direction in comparing one year's case with the next year's one.)

In summary, I strongly recommend that the 3% trigger requirement be eliminated permanently, and not solely for the December 1984 COLA. The result will be much more equitable and consistent treatment of beneficiaries. Furthermore, the long-range cost of the OASDI program will not be affected adversely, but rather will have a very small decrease, and the additional first-year cost can readily be borne, as a result of the very favorable experience to date as compared with the estimates made when the legislation was enacted—as will be discussed in detail hereafter.

DESCRIPTION OF COLA PROCEDURE FOR 1983 AND AFTER

Not considering the possibility of ad hoc benefit increases or the possibility of basing the COLAs on wage increases rather than CPI increases, the COLA procedure for 1983 and after is as follows:

For the December 1983 COLA, the percentage amount was based on the increase in the CPI from the last previous COLA computation quarter (1st quarter of 1982) to the current COLA computation quarter (1st quarter of 1983, as it is prescribed by Section 111(d) of the 1983 act, which applied for the 1983 COLA to the law as it related to COLAs before 1984, regardless of whether the CPI increase percentage was at least 3.0 percent). Thus, the 1st quarter of 1983 was a COLA-computation quarter.

For the December 1984 COLA, the CPI increase percentage is measured from the most recent COLA computation quarter in 1983 to the base quarter in 1984 (the 3rd quarter). As it so happens, there are two COLA computation quarters in 1983—the 1st quarter (as derived in the previous paragraph) and the 3rd quarter (based on Section 111(d) of the 1983 Act, which thus serves a dual purpose, one for the 1983 COLA and the other for the 1984 COLA, because such Section 111(d) has no effective date and thus applies to Section 215(i)(1) of the Social Security Act *both* as it was before being amended by Section 111(b) of the 1983 Act and afterward). The COLA computation quarter in 1983 to be used for the December 1984 COLA is thus the 3rd quarter of 1983, which is the "most recent" one (as prescribed in Section 215(i)(1)(D) of the Social Security Act). These procedures are accurately described in detail in the Conference Committee Report on the 1983 Act (House Report No. 98-47, page 121).

COST ASPECTS OF WAIVER OF 3% TRIGGER REQUIREMENT FOR DECEMBER 1984 COLA

The waiver of the 3% trigger requirement for the December 1984 COLA has several diverse cost effects, as follows (based on the memorandum of July 27 from Harry C. Ballantyne, Chief Actuary, SSA, entitled "Estimated Effects of Proposal Affecting the December 1984 Benefit Increase", and other material from the Office of the Actuary, SSA, except as otherwise stated), as compared with present law in each case:

(1) Benefit outgo in 1985 would be *increased* by $4.8 billion (but would be $3.4 billion *less* than according to the intermediate (Alternative II-B) estimate in the 1984 OASDI Trustees Report—my estimate—so that, even after the waiver of the 3% trigger, everything else being equal, the OASDI

Trust Funds would be in stronger condition than had been estimated last April.

(2) Benefit outgo in 1985 would be increased very slightly as a result of the increase in the exempt amounts under the retirement earnings test (increased cost included in item (1)).

(3) Benefit outgo in 1986, and for many years after, would be *reduced* as a result of preventing the windfalls otherwise payable to 1985 eligibles (all persons attaining age 62 in 1985, or dying or beoming disabled before age 62 in 1985, increasing rapidly to somewhat over $300 million in 1993 (and increasing slowly each year thereafter, until reaching a peak in a few years and then slowly declining, until being negligible in about 2025 and after—my estimate).

(4) OASDI tax income for 1985 would be increased by about $1.4 billion, as a result of the higher maximum taxable earnings base.

(5) HI tax income for 1985 would similarly be increased by about $350 million.

(6) There would also be other benefit cost effects. The additional benefits payable for 1985 would produce more income taxes that would revert to the OASDI Trust Funds (and a reverse effect would occur for the reduced benefits payable in future years resulting as described in item (3)). The increase in the earnings base (resulting as described in item (4)) would eventually result in slightly higher net benefit outgo, when such credited earnings enter into the benefit computations for the persons affected.

From a cash-flow standpoint, the proposed change would result in an excess of income over outgo for the OASDI Trust Funds of about $3.4 billion for 1985 as compared with present law. Nonetheless, the fund balance at the end of the year increase by a substantial amount, $11.2 billion. This should be compared with an estimated $9.1 billion in the intermediate estimate of the 1984 Trustees Report and, even more importantly, as against an estimated $4.9 billion in the intermediate-cost estimate of the 1983 Trustees Report and only $2.3 billion in the pessimistic-cost (Alternative III) estimate, which was, in essence, the estimate on which the financing of the 1983 Act was based).

From a long-range standpoint, we must first note that the balance of the OASDI Trust Funds will be lower, under the current estimates for a number of years if the proposal is adopted than under existing law. This will occur because of the high interest rates currently available to the trust funds, which produce income that largely offsets, for some years, the savings due to eliminating the windfall benefits for the 1985 eligibles. (If interest rates are not as high as assumed in 1985 and after, the situation would be quite different.)

In 1993, the fund balance at the end of the year is estimated at $447.2 billion under the proposal, as against $452.8 billion under existing law, or $5.6 billion less. This does not mean that the proposal has a cost of $5.6 billion as of 1984; the 1993 figure must be discounted at interest to 1985 and is then $3.3 billion (my computation).

More importantly, the estimated balance of the OASDI Trust Funds at the end of 1993 under the proposal ($447.2 billion) is far above the intermediate estimate in the 1984 Trustees Report of $389.1 billion, and even further above the intermediate estimate in the 1983 Trustees Report (i.e., that made just after the enactment of the 1983 Act) of $300.1 billion. The small estimated decrease in the fund balance at the end of 1993 of $5.6 billion as a result of the proposal (which would be much smaller if interest rates are lower than estimated) is a relative decrease of only 1.2%, whereas the fund balance unde the proposal is 49% higher than had been estimated for the intermediate-cost estimate for that date when the 1983 Act was enacted.

Finally, I have projected beyond 1993 the savings from eliminating the windfall benefits for the 1985 eligibles that waiver of the 3% trigger for the December 1984 COLA would produce. Then, in order to make the additional costs and the additional revenues and savings be comparable, I have obtained the present value in 1985 of the windfall-benefits savings, using the interest rates in the Alternative II-B estimate of the 1983 Trustees Report. The net result is that the cost in 1985 for paying the COLA by waiver of the 3% trigger is almost exactly balanced by the additional income from the OASDI taxes and the present value of the eliminated windfall benefits for the 1985 eligibles (the additional income from the HI taxes is not considered).

In summary then, regardless of the merits of the proposal (of which I believe that there are overwhelming ones), the net additional cost over the long run after considering all factors is, at most, very small (less than $100 million), and possibly even negative (i.e., a savings). The financial status of the OASDI Trust Funds in the short run, even though very slightly worse than under present law, is far better under the proposal than was anticipated under existing law in the 1984 Trustees Report, and even more so than was estimated when the 1983 Act was enacted. Also, the financial status of the HI Trust Fund, which is none too good over the long run, would be somewhat improved by the proposal.

COST ASPECTS OF PERMANENT ELIMINATION OF 3% TRIGGER REQUIREMENT FOR COLAS

In my opinion, the permanent elimination of the 3% trigger requirement for COLAs would, if anything, result in a very small decrease in the overall long-range cost of the OASDI program. The effect of increasing the maximum taxable earnings base for the next year and of eliminating, for all future years, the windfall for new eligibles of such year (and thus avoiding a notch situation relative to new eligibles of the following year) would more than offset the granting of the COLA for previous years' eligibles for the one-year period involved. This is so if the normal relationship between interest rates and CPI increases prevails (i.e., the former being about 2% more than the latter).

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By Mr. RIEGLE (for himself and Mr. CRANSTON):

S. 1721. A bill to amend the Social Security Act to provide for improved procedures with respect to disability determinations and continuing disability reviews and to modify the program for providing rehabilitation services to individuals determined under such act to be under a disability, and for other purposes; to the Committee on Finance.

SOCIAL SECURITY DISABILITY BENEFICIARY REHABILITATION ACT OF 1985

● Mr. RIEGLE. Mr. President, today I am reintroducing legislation to reform the Social Security Disability Insurance [SSDI] Program. This legislation is an improved version of S. 2369, which I introduced on February 29, 1984, during the 98th Congress. This year, I am pleased to have the senior Senator from California [Mr. CRANSTON] joining with me in introducing this legislation.

During the past 1½ years, I have been working with representatives from a coalition of national organizations representing disabled persons in an effort to improve the first version of this legislation. Working closely with members of my staff, and after months of meetings and review, this coalition has played a vital part in helping to design significant and needed improvement in the SSDI Program.

Mr. President, I ask unanimous consent that a letter from this coalition of national organization be reprinted immediately following my remarks.

The legislation we are introducing today is designed to improve the Social Security disability insurance determination process in a way that better meets the needs of disabled persons while saving Federal dollars. Rarely do we have the opportunity to improve the working of a Federal program, better meet the needs of its beneficiaries, and save Federal funds. I believe the legislation we are introducing today accomplishes all of those objectives.

RETIREMENT VERSUS DISABILITY

The origins of the Social Security Disability Program demonstrate that the program was not designed to meet the unique needs of disabled persons. The legislative history shows that the first benefits for disabled persons—enacted in 1954 in Public Law 761, 83d Congress—were not disability benefits. Rather, provisions were enacted to protect retirement benefits for "totally disabled" persons who were forced to leave the work force prematurely. This was the so-called disability freeze provision.

To overcome the opposition to creating a new program specifically for disabled persons, the proponents of disability insurance initially presented their proposal as a modification of the retirement program in the form of a reduction in the retirement age of disabled persons. In fact, the first cash benefits for disabled persons—enacted in 1955 in Public Law 880, 84th Congress—was part of a package to reduce the age that individuals become eligible for retirement benefits; disabled persons at age 50 and women at age 62.

In 1960—enacted as Public Law 88-778—the age limitation for cash disability benefits was eliminated. Nevertheless, the underlying basis of the program, that is, a cash benefit program providing for the early retirement of disabled persons, have never been modified. Although over the years amendments were added to the Social Security Act attempting to re-

orient the early retirement basis of the SSDI Program, the underlying philosphical basis remains unchanged.

CURRENT SITUATION

Mr. President, it is unfortunate that the SSDI Program is seen by many as an early retirement program for people too disabled to continue working. In June of 1980, Congress enacted Public Law 96-265 which included a provision—section 221(i)—requiring the ongoing review of disability beneficiaries, the CDI's. In part, many of the difficulties that resulted from the CDI's stem from the incompatibility of an ongoing review and the underlying early retirement orientation of the SSDI Program.

Mr. President, because the modern SSDI Program has evolved from an early retirement program for disabled workers, the concept and application of the CDI's is incompatible with the underlying originating principles of the program. Most individuals perceive retirement as a permanent condition not subject to external review. Before the statutory enactment of the CDI's, Social Security reviewed only those disabled beneficiaries to whom they told upon initial allowance that a reexamination would be scheduled. Those were mostly individuals who had conditions that were likely to improve. For the vast majority of beneficiaries, a review of their disability status was not envisioned. Before enactment of the CDI provisions, beneficiaries not scheduled or diaried for review were treated in the same manner as retired beneficiaries. The only procedural check utilized to determine the continued eligibility for benefits was the voluntary self-reporting on the part of the beneficiaries. Again, for the nondiaried SSDI beneficiaries, both within the mind of the beneficiary and within the minds of the administrators of the program, entitlement was seen as lasting until death or until the beneficiary voluntarily reported a change in his or her condition, such as returning to work.

Mr. President, the political pressures that necessitated the early retirement orientation of the SSDI Program have passed, and I believe it is time to reshape the program to provide benefits for disabled persons, as opposed to early retirees. This objective can be most easily accomplished by modifying the underlying orientation away from early retirement toward benefits and services for disabled persons. This can be done largely by modifying the determination process and without expanding the universe of individuals eligible for cash benefits. In addition, a program truly geared to the needs of disabled persons, providing them with rehabilitation services—in addition to cash benefits—will result in many disabled beneficiaries leaving the disability rolls. The result should be the savings of significant funds while directly meeting the needs of disabled persons.

A reoriented program should be designed along similar lines for disabled recipients of SSI benefits, and the bill I am introducing today accomplishes both of these objectives.

THE PROVISIONS OF S. 1721

Mr. President, as I have mentioned, the objective of this legislation is to redirect the SSDI Program away from the retirement model and toward a program specifically designed to meet the needs of disabled workers. In doing this, we will more adequately address the needs of newly disabled Americans and reduce cash outlays, thereby helping to secure the financial integrity of the disability insurance trust fund.

The bill I am proposing does not entail a radical reworking of the existing program because Congress has in fact been moving in this direction through piecemeal reforms over the last three decades. I am simply proposing to integrate many of the previous reforms—which were just tacked to existing procedures—into a unified system by alerting the methods used for evaluating eligibility for benefits.

Under the current system, an individual applying for disability benefits is only evaluated from the narrow perspective of establishing the existence of a medical disability. An applicant has an incentive to heighten the severity of the disabling conditions while the administrators have an incentive to minimize existing maladies. Under current practice, a very complex determination is made with regard to the severity and duration of the disabling condition, and then a decision is made regarding whether a benefit is either awarded or denied. At no point in the porcess is the Social Security Administration providing—nor is it expected to provide—assistance to these disability applicants beyond, of course, the cash benefit for those who are eligible.

Mr. President, the provisions of S. 1721 would alter the incentives contained in the current program by integrating a vocational rehabilitation evaluation into the initial and ongoing determination process. Even though such a determination is currently required under section 222 of the Social Security Act, it is ignored in practice. Since the Beneficiary Rehabilitation Program [BRP] was essentially repealed in 1981, the State disability examiners have no incentives for evaluating the rehabilitation potential of SSDI applicants. Hence, all of the cost savings which the Social Security Administration has determined result from beneficiary rehabilitation are lost under the present evaluation procedures. It was in 1981, that the Social Security Administration found that savings to the disability insurance trust fund ranged between $1.39 to $2.72 for every $1 spent on vocational services for DI beneficiaries. (Social Security Bulletin, February, 1981/vol. 44, No. 2, pp. 1-8).

The legislation I am proposing today does not resurrect the Beneficiary Rehabilitation Program, which was cost effective in spite of the lack of precision the program had in providing rehabilitation funds for beneficiaries most likely to benefit from such services. What I'm proposing in this legislation is to require an initial evaluation of rehabilitation potential along with the medical determination of a disability.

Prospective beneficiaries would be divided into the following groups based upon the extent and duration of their disabling condition:

First, those with long term or permanent disabilities—that is, those not subject to the mandatory CDI review under 221(i); or

Second, those with disabilities that are anticipated to last more than 12 months but where it is reasonable to anticipate improvement or change in the disabling condition at some point after the 12-month period—that is, those subject to the mandatory CDI review under 221(i); or

Third, those individuals under a disability albeit not sufficiently severe nor anticipated to last more than 12 months—that is, those individuals who would be denied cash benefits under the law.

This is similar to the procedure used under current law and is basically the method used for determining for cash benefits. However, during the same period of evaluation for cash benefits, the prospective beneficiary would be assessed for rehabilitation potential, and one of the three following determinations would be made:

First, the prospective beneficiary cannot benefit from rehabilitation services; or

Second, rehabilitation services would be of benefit to the prospective beneficiary, albeit it is extremely unlikely to result in an effort to return to work and eventually in the cessation of cash disability benefits; or

Third, there is the possibility that rehabilitation services will result in an effort to return to work and thereby in the eventual cessation of cash benefits.

Mr. President, under S. 1721 all individuals would be required to go through both the disability determination and rehabilitation evaluation before they would be notified of the results of either exam. The universe of individuals who would be eligible for cash benefits would include only those individuals who would be eligible under current law. The major difference with the current program is that for the first time there would be a workable requirement that applicants be evaluated for rehabilitation poten-

tial and where appropriate, referred to rehabilitation providers. Those for whom it was determined that rehabilitation would provide some benefit but not lead to an attempt to return to work would be directed to the State agency on rehabilitation services. For those individuals the State would provide—as required under current law—services with funds available through the State Grant Program—the section 101 program of the Rehabilitation Act. For those individuals where there is a possibility that rehabilitation services will result in a successful return to work effort and, therefore, in the eventual cessation of benefits, Social Security will refer that individual to a rehabilitation provider, whether public or private, who can best meet the rehabilitation needs of the SSDI beneficiary. Because a judgment has been made that these individuals have the best chance of returning to work and dropping off of the disability rolls, the cost of rehabilitating these individuals would be financed out of the Social Security disability trust fund. Under this program and with the careful selection of rehabilitation candidates—as previous experience has demonstrated—the trust funds should experience a net surplus of dollars.

Mr. President, it is important to note that the scope of rehabilitation services envisioned under this legislation follows section 103, of the Rehabilitation Act, and is extremely broad. Therefore, this legislation envisions Social Security providing a wide range of rehabilitation services for individuals where the possibility of a return to work effort exists. For example, section 103(a)(4) of the Rehabilitation Act, includes within the scope of rehabilitation services, among other items,

Physical and mental restorative services, including, but not limited to, (A) corrective surgery or therapeutic treatment necessary to correct or substantially modify a physical or mental condition which is stable or slowly progressive and constitutes a substantial handicap to employment. . . .

Therefore, it would be possible, under this bill, for the Social Security Administration to provide certain health services not ordinarily provided for under the Medicare or Medicaid programs, assuming that such services would result in the removal of barriers to employment.

All of the cash beneficiaries in receipt of rehabilitation benefits would be exempt from the current CDI reviews and would be monitored by SSA through rehabilitation reports that all providers of rehabilitation services would be required by statute to provide. These reports would be required at a minimum of once every 3 years for all beneficiaries who were not permanently disabled. The rehabilitation report would include an assessment of the beneficiaries' progress in the rehabilitation program including any improvement that might affect the disability status of the beneficiary, including, but not limited to a return to work effort. The Social Security Administration would evaluate the rehabilitation report to determine whether a review of the disability status of the beneficiary would be appropriate. All of the beneficiaries not in a rehabilitation program are reviewed within the same intervals as under current law and regulations.

In an effort to remain consistent with the SSI Program, and since similar principles apply to SSI disabled recipients, who in many cases are also in need of rehabilitation services, the bill we are introducing today also extends the modifications in the eligibility determination process to the SSI Program.

Mr. President, what I am proposing today represents a significant improvement in the Social Security Disability Program with only relatively minor modifications in the current program.

S. 1721 takes the final step in completing a series of reforms which Congress initiated soon after the enactment of the original program. With the modifications I am proposing today, we can, for the first time, say we have a national disability program that is designed to address the unique needs of disabled Americans.

Mr. President, I ask unanimous consent that the full text of S. 1721 be printed in the RECORD at this point.

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

S. 1721

*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 "Social Security Disability Beneficiary Rehabilitation Act of 1985".

SEC. 2. (a)(1) Section 221(a)(1) of the Social Security Act is amended—

(A) by striking out "and of" and inserting in lieu thereof ", the disability category that best describes the condition of such individual, and";

(B) by striking out "(A) " each place it appears and inserting in lieu thereof "(i)";

(C) by striking out "(B) " each place it appears and inserting in lieu thereof "(ii)";

(D) by inserting "(A)" after the paragraph designation; and

(E) by adding at the end thereof the following new subparagraphs:

"(B) In making a determination with respect to whether an individual is under a disability (as defined in section 223(d)), the State agency making such determination or the Secretary, as the case may be, shall at the same time determine which of the following disability categories best describes the condition of such individual at the time such determination is made:

"(i) The individual is under a disability (as defined in section 223(d)) that is permanent and can not benefit from vocational rehabilitation services (as described in section 103 of the Rehibilitation Act of 1973 (29 U.S.C. 723)) or from comprehensive services for independent living (as described in title VII of such Act (29 U.S.C. 796 et seq.)).

"(ii) The individual is under a disability that is permanent, is unlikely to engage in substantial gainful activity (in the case of an individual making application for benefits under section 202(d) or 223) or any gainful activity (in the case of an individual making application for benefits under subsection (e) or (f) of section 202) in the future, but can benefit from vocational rehabilitation services or comprehensive services for independent living.

"(iii) The individual is under a disability that is permanent, can benefit from vocational rehabilitation services, and, if provided with such services, would possibly engage in substantial gainful activity or any gainful activity, as the case may be, as the result of having been provided with such services.

"(iv) The individual is under a disability that is not permanent and cannot benefit from vocational rehabilitation services.

"(v) the individual is under a disability that is not permanent, is unlikely to engage in substantial gainful activity or any gainful activity, as the case may be, in the future, but can benefit from vocational rehabilitation services or comprehensive services for independent living.

"(vi) The individual is under a disability that is not permanent, can benefit from vocational rehabilitation services, and, if provided with such services, would possibly engage in substantial gainful activity or any gainful activity, as the case may be, as the result of having been provided with such services.

"(vii) The individual is under a medically determinable physical or mental impairment that is not a disability (as defined in section 223(d)), and could possibly benefit from vocational rehabilitation services provided under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).

"(viii) The individual is under a medically determinable physical or mental impairment that is not a disability, and could not benefit from vocational rehabilitation services.

"(ix) The individual is not under a disability or any other medically determinable physical or mental impairment.

Determinations under this subparagraph shall be made in accordance with standards promulgated by the Secretary in consultation with the Commissioner of the Rehabilitation Services Administration of the Department of Education.

"(C) Notice to an individual of a decision by the Secretary with respect to whether an individual is under a disability (as defined in section 223(d)) shall include, in addition to the matters required to be included in the notice of such decision under section 205(b)(1)—

"(i) an explanation, in understandable language, of

the reasons why the State agency or the Secretary, as the case may be, has determined that a particular disability category set forth in subparagraph (B) best describes the condition of such individual; and

"(ii) in the case of an individual with respect to whom it is determined that vocational rehabilitation services or comprehensive services for independent living would be beneficial—

"(I) a statement that such individual is eligible for such services;

"(II) a brief explanation of the disability review provisions of subsection (i) and the application of such provisions to such individual; and

"(III) information with respect to how to apply for such services.

"(D) The Secretary shall take such steps as may be necessary to ensure that—

"(i) all determinations required by this paragraph are made in a timely manner, and

"(ii) the payment of benefits to disabled individuals under this title is not delayed by reason of such determinations.".

(2) Section 221(c)(1) of such Act is amended by inserting ", that a different disability category set forth in subsection (a)(1)(B) best describes the condition of such individual," after "(as so defined)".

(3) Section 221(d) of such Act is amended by striking out "subsection (a)," and inserting in lieu thereof "subsection (a) (including a determination of the disability category set forth in subsection (a)(1)(B) that best describes the condition of an individual), or under subsection".

(4) Section 221(g) of such Act is amended by striking out "(a) shall" and inserting in lieu thereof "(a) (including determinations with respect to which of the disability categories set forth in paragraph (1)(B) of such subsection best describes the condition of an individual) shall".

(b) Section 221(i) of such Act is amended—

(1) in paragraph (1)—

(A) by inserting "and such individual is not eligible for or is not (for any reason) receiving vocational rehabilitation services or comprehensive services for independent living provided in accordance with section 222," after "disability,"; and

(B) by striking out all beginning with "years" through "administration of this title." and inserting in lieu thereof "years in the case of an individual determined under subsection (a)(1)(B) to be under a disability that is not permanent, and at least once every 7 years in the case of an individual determined under such subsection to be under a disability that is permanent."; and

(2) by striking out paragraphs (2) and (3) and inserting in lieu thereof the following new paragraphs:

"(2) In any case in which an individual is or has been determined to be under a disability and such individual is receiving vocational rehabilitation services or comprehensive services for independent living provided in accordance with section 222, the case shall be reviewed by the applicable State agency or the Secretary (as may be appropriate), for purposes of continuing eligibility, whenever such agency or the Secretary concludes, on the basis of a report made in accordance with section 222(b)(2) that such a review is warranted.

"(3) Reviews of cases under paragraphs (1) and (2) shall be in addition to, and shall not be considered as a substitute for, any other reviews that are required or provided for under or in the administration of this title.".

(C)(1) Subsections (a) and (b) of section 222(a) of such Act are amended to read as follows:

"REFERRAL FOR SERVICES

"(a)(1) Except in the case of an individual referred to a facility pursuant to paragraph (2), the State agency making determinations of whether an individual is under a disability (as defined in section 223(d)) or the Secretary, as the case may be, shall promptly refer any individual determined to fall within a disability category set forth in clause (ii), (iii), (v), (vi), or (vii) of section 221(a)(1)(B), to (A) the State agency or agencies administering or supervising the administration of the State plan approved under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) for necessary vocational rehabilitation services, or (B) the State unit (if any) designated under section 705 of such Act (29 U.S.C. 796d) to administer a State plan approved under title VII of such Act (29 U.S.C. 796 et seq.) for such services, as may be appropriate.

"(2)(A) If an individual is determined in accordance with paragraph (1) of section 221(a) to be under a disability and to fall within a disability category set forth in clause (iii) or (vi) of subparagraph (B) of such paragraph, the State agency or the Secretary, as the case may be, may refer such individual directly to a facility that has been certified by the Secretary as qualified to be a provider of vocational rehabilitation services and shall make payments directly to such facility for vocational rehabilitation services furnished to such individual.".

"(B) (i) Any individual who—

"(I) is referred under this paragraph to a provider of vocational rehabilitation services, and

"(II) is dissatisfied for any reason with the services of the provider,

may request that the State agency or the Secretary, as the case may be, refer him or her to another provider of such services.

"(ii) The State agency or the Secretary, as the case may be, shall promptly make a determination with respect to such request and notify the individual of the determination. If the request is denied, the notice required by this clause shall contain a statement, in understandable language, of the reason or reasons for the denial of the request.

"(iii) Any individual making a request under this subparagraph shall be entitled to a hearing on the determination made under clause (ii) with respect to the request to the same extent as provided in section 205(b) for decisions of the Secretary, and to judicial review of the final decision made after the hearing, as is provided in section 205(g).

"ELIGIBILITY FOR SERVICES; REPORTING BY REHABILITATION FACILITIES, INDEPENDENT LIVING FACILITIES, AND CERTIFIED PROVIDERS

"(b)(1) An individual determined in accordance with paragraph (1) of section 221 (a) to be under a disability or other medically determinable physical or mental impairment and to fall within a disability category set forth in clause (iii), (vi), or (vii) of subparagraph (B) of such paragraph (other than an individual referred to (and receiving vocational rehabilitation services from) a provider in accordance with the provisions of paragraph (2) of subsection (a) of this section) shall be eligible for vocational rehabilitation services provided under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).

"(2) An individual determined in accordance with paragraph (1) of section 221(a) to be under a disability and to fall within a disability category described in clause (ii) or (v) of subparagraph (B) of such paragraph shall be eligible for vocational rehabilitation services provided under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) or comprehensive services for independent living provided under title VII of such Act (29 U.S.C. 796 et seq.).

"(3)(A) A facility that—

"(i) is a rehabilitation facility and provides vocational rehabilitation services to an individual described in paragraph (1) or (2) of this subsection (other than an individual determined in accordance with paragraph (1) of section 221(a) to fall within the disability category set forth in subparagraph (B)(vii) of such paragraph) under a State plan approved under title I of the Rehabilitation Act of 1973, or

"(ii) provides comprehensive services for independent living to an individual described in paragraph (2) of this subsection under a State plan approved under title VII of such Act (29 U.S.C. 796 et seq.),

shall report promptly to the agency of such State that determines whether an individual is under disability (as defined in section 223(d)) or the Secretary, as the case may be—

"(I) the termination of the provision of such services to such individual (and the reason or reasons for such termination); and

"(II) any significant change in the impairment of such individual and any change in the employment status of such individual that might warrant a review with respect to the disability of such individual in accordance with section 221(i).

"(B) A rehabilitation facility that provides vocational rehabilitation services under a plan approved under title I of the Rehabilitation Act of 1973 to an individual determined in accordance with paragraph (1) of section 221(a) to be under a disability and to fall within the disability category set forth in clause (v) or (vi) of subparagraph (B) of such paragraph shall, in addition to submitting any reports required under subparagraph (A) with respect to such individual, submit a report once every 3 years that evaluates—

"(i) the progress of such individual toward the achievement of the goals established with respect to such individual and included in the individualized written plan of vocational rehabilitation developed for such individual pursuant to paragraph (1) of subsection (e);

"(ii) the likelihood that such individual will engage in substantial gainful activity or any gainful activity, as the case may be, in the future as the result of such services; and

"(iii) any other matters that are relevant to determination or redetermination of the disability status of such individual.

"(C) Failure by a facility described in subparagraph (A) (i) or (ii) to report a change in the condition of an individual described in paragraph (1) or (2) (other than an individual determined to fall within the disability category set forth in clause (vii) of section 221(a)(1)(B)), that such facility knows or has reason to know would result in a determination that such individual is no longer under a disability, shall be a misdemeanor and, upon conviction thereof, shall be punishable by a fine of up to $10,000.

"(D) Any provision of this paragraph that is applicable to a rehabilitation facility shall also apply to a provider of vocational rehabilitation services to which individuals are referred in accordance with paragraph (2) of subsection (a).".

(2) Section 222 of such Act is further amended by striking out subsection (d) and inserting in lieu thereof the following new subsections:

"COSTS OF SERVICES FROM TRUST FUNDS

"(d)(1) For purposes of making vocational rehabilitation services and comprehensive services for independent living more readily available to disabled individuals who are—

"(A) entitled to disability insurance benefits under section 223,

"(B) entitled to child's insurance benefits under section 202(d) after having attained age 18 (and are under a disability),

"(C) entitled to widow's insurance benefits under section 202(e) prior to attaining age 60, or

"(D) entitled to widower's insurance benefits under section 202(f) prior to attaining age 60,

to the end that savings will accrue to the Trust Funds as a result of rehabilitating such individuals, the Managing Trustee shall transfer funds from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund in the manner prescribed in paragraphs (2) and (3).

"(2) The Managing Trustee shall, from time to time during each fiscal year, transfer from the Trust Funds such sums as may be necessary to enable the Secretary to make payments to State agencies administering or supervising the administration of a State plan approved under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) and to facilities certified under subsection (a)(2) as providers of vocational rehabilitation services for the reasonable and necessary costs of furnishing vocational rehabilitation services to individuals determined to be under a disability in accordance with paragraph (1) of section 221(a) and to fall within a disability category set forth clause (iii) or (iv) of subparagraph (B) of such paragraph (including services during the waiting periods of such individuals). Payments made under this paragraph shall be made in advance and shall be subject to adjustment on account of underpayments and overpayments.

"(3) The Managing Trustee shall transfer from such Trust Funds each fiscal year such sums as may be necessary to enable the Secretary to reimburse State agencies administering or supervising the administration of a State plan approved under title I of the Rehabilitation Act of 1973 and State units designated under section 705 of such Act (29 U.S.C. 796d) to administer plans approved under title VII of such Act for the reasonable and necessary costs of furnishing vocational rehabilitation services or comprehensive services for independent living (including services furnished during waiting periods) under such a plan to individuals determined to be under a disability in accordance with paragraph (1) of section 221(a) of this Act, to fall within a disability category described in clause (ii) or (v) of subparagraph (B) of such paragraph, and to have engaged in substantial gainful activity or any gainful activity, as the case may be, for a continuous period of nine months as a result of such services. The determination that such services contributed to the return of an individual to substantial gainful activity, or any gainful activity, as the case may be, and the determination of the costs to be reimbursed under this paragraph, shall be made by the Commissioner of Social Security in accordance with criteria formulated by the Commissioner. Payments made under this paragraph shall be subject to adjustment on account of underpayments and overpayments.

"(4) Money paid from the Trust Funds under this subsection for the reimbursement of the costs of providing services to individuals who are entitled to benefits under section 223 (including services during the waiting periods of such individuals), or who are entitled to benefits under section 202(d) on the basis of the wages and self-employment income of such individuals, shall be charged to the Federal Disability Insurance Trust Fund, and all other money paid from the Trust Funds under this subsection shall be charged to the Federal Old-Age and Survivors Insurance Trust Fund. The Secretary shall determine according to such methods and procedures as the Secretary may deem appropriate—

"(A) the total amount to be transferred for the cost of services under this subsection, and

"(B) subject to the provisions of the preceding sentence, the amount that should be charged to each of the Trust Funds.

"INDIVIDUALIZED WRITTEN PLANS OF VOCATIONAL REHABILITATION; STANDARDS FOR PROVIDERS

"(e)(1)(A) A facility that provides vocational rehabilitation services or comprehensive services for independent living to an individual eligible under this section for such services shall do so in accordance with an individualized written plan of vocational rehabilitation for such individual.

"(B) Notwithstanding section 102 of the Rehabilitation Act of 1973 (29 U.S.C. 722), the individualized written plan of vocational rehabilitation required by subparagraph (A) shall be developed, implemented, and reviewed in a manner that is, to the greatest extent practicable and consistent with the provisions of this title, the same as the manner in which plans required by section 1507 of title 38, United States Code, are developed, implemented, and reviewed.

"(2)(A) A facility that provides vocational rehabilitation services or comprehensive services for independent living to an individual eligible under this section for such services shall meet such standards as the Secretary may by regulation prescribe.

"(B) In promulgating regulations under subparagraph (A), the Secretary shall consult with the Commissioner of the Rehabilitation Services Administration of the Department of Education and, to the greatest extent practicable and consistent with the purposes of this section, shall incorporate the standards applicable to facilities and providers of such services under titles I and VII of the Rehabilitation Act of 1973 on the day before the date of the enactment of this subsection.

"DEFINITIONS

"(f)(1) For purposes of this section—

"(A) except as provided in paragraph (2), the term 'rehabilitation facility' shall have the meaning given to such term in section 7 (11) of the Rehabilitation Act of 1973 (29 U.S.C. 706(11));

"(B) the term 'vocational rehabilitation services' shall have the meaning given to such term in section 103 of such Act (29 U.S.C. 723); and

"(C) the term 'comprehensive services for independent living' shall have the meaning given to such term in title VII of such Act (29 U.S.C. 796 et seq.).

"(2) Vocational rehabilitation services and comprehensive services for independent living provided pursuant to this section may be limited in type, scope, or amount in accordance with regulations promulgated by the Secretary in order to ensure that such services are consistent with the purposes of subsection (d).".

"(d)(1) Section 222(c)(4)(A) of such Act is amended to read as follows:

"(A) the ninth month in which the individual renders services (whether or not such nine months are consecutive) of any fifteen-month period beginning on or after the first day of such period of trial work; or".

(2) Section 222(c) of such Act is amended—

(A) by striking out "(3) and (4)" in paragraph (1) and inserting in lieu thereof "(3), (4), and (6)"; and

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

"(6) In the case of an individual determined in accordance with paragraph (1) of section 221(a) to be under a disability (as defined in section 223(d)) and to fall within a disability category set forth in clause (iii) or (vi) of subparagraph (B) of such paragraph, subparagraph (A) of paragraph (4) of this subsection shall be applied—

"(A) by substituting 'twelfth' for 'ninth'; and

"(B) by substituting 'twelve' for 'nine'.".

(e) Section 223(d)(4) of such Act is amended by adding at the end thereof the following new sentence: "In determining whether earnings derived from services performed by an individual demonstrate the individual's ability to engage in substantial gainful activity, earnings derived from transitional work, supported work, and services performed in a sheltered workshop shall not be taken into account unless such earnings equal or exceed an amount equal to twice the amount of earnings that (but for this sentence) would result in a determination that such individual is able to engage in substantial gainful activity.".

(f)(1) This section and the amendments made by this section shall become effective on the day that is 180 days after the date of the enactment of this Act.

(2)(A) The amendments made by subsection (a) of this section shall apply to any determination made under subsection (a), (b), or (g) of section 221 of the Social Security Act (including a determination made for purposes of a continuing eligibility review required by subsection (i) of such section) on or after the date on which such amendments become effective.

(B) The amendments made by subsections (b), (c), and (d) of this section shall apply to any individual with respect to whom a determination is made under subsection (a), (c), or (g) of section 221 of the Social Security Act on or after the date on which such amendments become effective.

(3)(A) Subsections (c) and (d) of section 222 of the Social Security Act, as in effect on the day before the date on which the amendments made by this section become effective, shall continue to apply to any individual—

(i) who on such day is entitled to benefits under subsection (d), (e), or (f) of section 202 of such Act by reason of disability or to disability insurance benefits under section 223 of such Act, and

(ii) with respect to whom a determination has not been made under subsection (a), (c), or (g) of section 221 of such Act (as amended by subsection (a) of this section) after such day.

(B)(i) Any individual described in subparagraph (A) who desires to have his or her case reviewed in accordance with the procedures established by the amendments made by subsection (a) of this section may request that a determination be made under the applicable subsection of section 221 of the Social Security Act (as so amended).

(ii) The Secretary of Health and Human Services shall take such steps as may be necessary to ensure that (I) any individual described in subparagraph (A) is informed of the right of such individual to request a review under clause (i) and (II) a prompt determination is made with respect to any individual requesting such a review.

(4) The amendments made by subsection (e) shall apply with respect to months beginning on or after the date on which this section becomes effective.

SEC. 3. (a)(1) Section 1614 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(g)(1) In making a determination under paragraph (2) or (3) of subsection (a) with respect to whether an individual is a blind or disabled individual, the State agency making such determination or the Secretary, as the case may be, shall at the same time determine which of the following disability categories best describes the condition of such individual at the time such determination is made:

"(A) The individual is a blind or disabled individual whose impairment is permanent and who can not benefit from vocational rehabilitation services (as described in section 103 of the Rehabilitation Act of 1973 (29 U.S.C. 723)) or from comprehensive services for independent living (as described in title VII of such Act (29 U.S.C. 796 et seq.)).

"(B) The individual is a blind or disabled individual whose impairment is permanent, who is unlikely to engage in substantial gainful activity in the future, but who can benefit from vocational rehabilitation services or comprehensive services for independent living.

"(C) The individual is a blind or disabled individual whose impairment is permanent, who can benefit from vocational rehabilitation services, and who, if provided with such services, would possibly engage in substantial gainful activity as the result of having been provided with such services.

"(D) The individual is a blind or disabled individual whose impairment is not permanent and who can not benefit from vocational rehabilitation services.

"(E) The individual is a blind or disabled individual whose impairment is not permanent, who is unlikely to engage in substantial gainful activity in the future as the result of such services, but who can benefit from vocational rehabilitation services or comprehensive services for independent living.

"(F) The individual is a blind or disabled individual whose impairment is not permanent, who can benefit from vocational rehabilitation services, and who, if provided with such services, would possibly engage in substantial gainful activity as the result of having been provided with such services.

"(G) The individual is not a blind or disabled individual but is under a medically determinable physical or mental impairment, and could possibly benefit from vocational rehabilitation services provided under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).

"(H) The individual is under a medically determinable physical or mental impairment, but is not a blind or disabled individual and could not benefit from vocational rehabilitation services.

"(I) The individual is not a blind or disabled individual and is not under any other medically determinable physical or mental impairment.

Determinations under this paragraph shall be made in accordance with standards promulgated by the Secretary in consultation with the Commissioner of the Rehabilitation Services Administration of the Department of Education.

"(2) Notice to an individual of a decision under paragraph (2) or (3) of subsection (a) with respect to whether such individual is a blind or disabled individual shall include, in addition to the matters required to be included in the notice of such decision under section 1631(c)(1)—

"(A) an explanation, in understandable language, of the reasons why the State agency or the Secretary, as the case may be, has determined that a particular disability category set forth in paragraph (1) best describes the condition of such individual; and

"(B) in the case of an individual with respect to whom it is determined that vocational rehabilitation services or comprehensive services for independent living would be beneficial—

"(i) a statement that such individual is eligible for such services; and

"(ii) information with respect to how to apply for such services.

"(3) The Secretary shall take such steps as may be necessary to ensure that—

"(A) all determinations under this subsection and paragraphs (2) and (3) of subsection (a) are made in a timely manner, and

"(B) the payment of benefits to blind and disabled individuals under this title is not delayed by reason of such determinations.".

(2) Section 1631(c)(1) of such Act is amended—

(A) by inserting after the second sentence the following: "Each decision by the Secretary with respect to whether an individual is disabled for purposes of receiving benefits under this title shall also contain a statement, in understandable language, or the reasons the individual has been determined to fall within a particular disability category set forth in section 1614(g)(1).."; and

(B) by striking out "or the amount of such individual's benefits" and inserting in lieu thereof "the amount of such individual's benefits, or the disability category set forth in section 1614(g)(1) that best describes the condition of such individual".

(b) Section 1615 of such Act is amended to read as follows:

"SERVICES FOR BLIND AND DISABLED INDIVIDUALS

"SEC. 1615. (a)(1) Except in the case of an individual referred to a facility pursuant to paragraph (2), the State agency making determinations under paragraphs (2) and (3) of section 1614(a) with respect to whether an individual is a blind or disabled individual or the Secretary, as the case may be, shall promptly refer any individual determined to fall within a disability category set forth in subparagraph (B), (C), (E), (F), or (G) of section 1614(g)(1) to (A) the State agency or agencies administering or supervising the administration of the State plan approved under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) for necessary vocational rehabilitation services, or (B) the State unit (if any) designated under section 705 of such Act (29 U.S.C. 796d) to administer a State plan approved under title VII of such Act (29 U.S.C. 796 et seq.) for such services, as may be appropriate.

"(2)(A) If an individual is determined in accordance with paragraph (2) or (3) of subsection (a) of section 1614 to be a blind or disabled individual and to fall within a disability category described in subparagraph (C) or (F) of subsection (g)(1) of such section, the State agency or the Secretary, as the case may be, may refer such individual directly to a facility that has been certified by the Secretary as qualified to be a provider of vocational rehabilitation services and shall make payments directly to such facility for vocational rehabilitation services furnished to such individual.

"(B)(i) Any individual who—

"(I) is referred under this paragraph to a provider of vocational rehabilitation services, and

"(II) is dissatisfied for any reason with the services of the provider.

may request that the State agency or the Secretary, as the case may be, refer him or her to another provider of such services.

"(ii) The State agency or the Secretary, as the case may be, shall promptly make a determination with respect to such request and notify the individual of the determination. If the request is denied, the notice required by this clause shall contain a statement, in understandable language, of the reason or reasons for the denial of the request.

"(iii) Any individual making a request under this subparagraph shall be entitled to a hearing on the determination made under clause (ii) with respect to the request to the same extent as provided in section 205(b) for decisions of the Secretary, and to judicial review of the final decision made after the hearing, as is provided in section 205(g).

"(b)(1) An individual determined in accordance with paragraph (2) or (3) of subsection (a) of section 1614 to be a blind or disabled individual or to have some other medically determinable physical or mental impairment, and to fall within a disability category described in subparagraph (C), (F), or (H) of subsection (g)(1) of such section (other than an individual receiving vocational rehabilitation services in accordance with the provisions of paragraph (2) of subsection (a) of this section) shall be eligible for vocational rehabilitation services provided under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).

"(2) An individual determined in accordance with paragraph (2) or (3) of subsection (a) of section 1614 to be a blind or disabled individual and to fall within a disability category set forth in subparagraph (B) or (E) of subsection (g)(1) of such section shall be eligible for vocational rehabilitation services provided under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) or comprehensive services for independent living provided under title VII of such Act (29 U.S.C. 796 et seq.).

"(3)(A) A facility that—

"(i) is a rehabilitation facility and provides vocational rehabilitation services to an individual described in paragraph (1) or (2) of this subsection (other than an individual determined to fall within the disability category described in section 1614(g)(1)(G)), under a State plan approved under title I of the Rehabilitation Act of 1973, or

"(ii) provides comprehensive services for independent living to an individual described in paragraph (2) of this subsection under a State plan approved under title VII of such Act (29 U.S.C. 796 et seq.),

shall report promptly to the agency of such State that determines whether an individual is a blind or disabled individual or to the Secretary, as the case may be—

"(I) the termination of the provision of such services to such individual (and the reason or reasons for such termination); and

"(II) the return to work of such individual.

"(B) Any provision of this paragraph that is applicable to a rehabilitation facility shall also apply to a provider of vocational rehabilitation services to which individuals are referred in accordance with paragraph (2) of subsection (a).

"(c)(1) The Secretary is authorized to make payments to State agencies administering or supervising the administration of a State plan approved under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et

seq.) and to facilities certified under subsection (a)(2) as providers of vocational rehabilitation services for the reasonable and necessary costs of furnishing vocational rehabilitation services to individuals determined to be blind or disabled individuals under paragraph (2) or (3) of subsection (a) of section 1614 and to fall within a disability category set forth in subparagraph (C) or (F) of subsection (g)(1) of such section (including services during the waiting periods of such individuals). Payments made under this paragraph shall be made in advance and shall be subject to adjustment on account of underpayments and overpayments.

"(2) The Secretary is authorized to reimburse State agencies administering or supervising the administration of a State plan approved under title I of the Rehabilitation Act of 1973 and State units designated under section 705 of such Act (29 U.S.C. 796d) to administer plans approved under title VII of such Act for the reasonable and necessary costs of furnishing vocational rehabilitation services or comprehensive services for independent living (including services furnished during waiting periods) under such a plan to individuals determined to be blind or disabled individuals under paragraph (2) or (3) of subsection (a) of section 1614, to fall within a disability category described in subparagraph (B) or (E) of subsection (g)(1) of such section, and to have engaged in substantial gainful activity for a continuous period of nine months as a result of such services. The determination that such services contributed to the return of an individual to substantial gainful activity, and the determination of the costs to be reimbursed under this paragraph shall be made by the Commissioner of Social Security in accordance with criteria determined by the Commissioner in the same manner as under section 222(d)(3). Payments made under this section shall be subject to adjustment on account of underpayments and overpayments.

"(d)(1)(A) A facility that provides vocational rehabilitation services or comprehensive services for independent living to an individual eligible under this section for such services shall do so in accordance with an individualized written plan of vocational rehabilitation for such individual.

"(B) Notwithstanding section 102 of the Rehabilitation Act of 1973 (29 U.S.C. 722), the individualized written plan of vocational rehabilitation required by subparagraph (A) shall be developed, implemented, and reviewed in a manner that is, to the greatest extent practicable and consistent with the provisions of this title, the same as the manner in which plans required by section 1507 of title 38, United States Code, are developed, implemented, and reviewed.

"(2)(A) A facility that provides vocational rehabilitation services or comprehensive services for independent living to an individual eligible under this section for such services shall meet such standards as the Secretary may by regulation prescribe.

"(B) In promulgating regulations under subparagraph (A), the Secretary shall consult with the Commissioner of the Rehabilitation Services Administration of the Department of Education and, to the greatest extent practicable and consistent with the purposes of this section, shall incorporate the standards applicable to facilities and providers of such services under titles I and VII of the Rehabilitation Act of 1973 on the day before the date of the enactment of this subsection.

"(e)(1) For purposes of this section—

"(A) except as provided in paragraph (2), the term 'rehabilitation facility' shall have the meaning given to such term in section 7 (11) of the Rehabilitation Act of 1973 (29 U.S.C. 706(11));

"(B) the term 'vocational rehabilitation services' shall have the meaning given to such term in section 103 of such Act (29 U.S.C. 723); and

"(C) the term 'comprehensive services for independent living' shall have the meaning given to such term in title VII of such Act (29 U.S.C. 796 et seq.).

"(2) Vocational rehabilitation services and comprehensive services for independent living provided pursuant to this section may be limited by the Secretary to the same extent as services of such type are limited under section 222(f)(2).".

(c)(1) Section 1614(a)(4)(D)(i) of such Act is amended to read as follows:

"(i) the ninth month in which the individual renders services (whether or not such nine months are consecutive) of any fifteen-month period beginning on or after the first day of such period of trial work; or".

(2) Section 1614(a)(4) of such Act is amended—

(A) by striking out "(C) and (D)" in subparagraph (B) and inserting in lieu thereof "(C), (D), and (E)";

(B) by adding at the end thereof the following new subparagraph:

"(E) In the case of an individual determined in accordance with paragraph (2) or (3) to be a blind or disabled individual and to fall within a disability category described in subparagraph (C) or (F) of subsection (g)(1),

subparagraph (D)(i) of this paragraph shall be applied—

"(i) by substituting 'twelfth' for 'ninth'; and

"(ii) by substituting 'twelve' for 'nine'.".

(d) Section 1614(a)(3)(D) of such Act is amended by adding at the end thereof the following new sentence: "In determining whether earnings derived from services performed by an individual demonstrate the individual's ability to engage in substantial gainful activity, earnings derived from transitional work, supported work, and services performed in a sheltered workshop shall not be taken into account unless such earnings equal or exceed an amount equal to twice the amount of earnings that (but for this sentence) would result in a determination that such individual is able to engage in substantial gainful activity.".

(e)(1) This section and the amendments made by this section shall become effective on the day that is 180 days after the date of the enactment of this Act.

(2)(A) The amendments made by subsection (a) of this section shall apply to any determination made under paragraph (2) or (3) of subsection (a) of section 1614 of the Social Security Act and any determination made for purposes of a continuing eligibility review required by section 416.989 of title 20, Code of Federal Regulations) on or after the date on which such amendments become effective.

(B) The amendments made by subsections (b) and (c) of this section shall apply to any individual with respect to whom a determination is made under paragraph (2) or (3) of subsection (a) of section 1614 of the Social Security Act or pursuant to section 416.989 of title 20, Code of Federal Regulations, on or after the date on which such amendments become effective.

(3)(A) Sections 1614(a)(4) and 1615 of the Social Security Act, as in effect on the day before the date on which the amendments made by this section become effective, shall continue to apply to any individual—

(i) who on such day is entitled to benefits under section 1611(a) of such Act by reason of blindness or disability, and

(ii) with respect to whom a determination has not yet been made pursuant to section 416.989 of title 20, Code of Federal Regulations, after such day.

(B)(i) Any individual described in subparagraph (A) who desires to have his or her case reviewed in accordance with the procedures established by the amendments made by subsection (a) of this section may request that a determination be made pursuant to section 416.989 of title 20, Code of Federal Regulations.

(ii) The Secretary of Health and Human Services shall take such steps as may be necessary to ensure that (I) any individual described in subparagraph (A) is informed of the right of such individual to request a review under clause (i) and (II) a prompt determination is made with respect to any individual requesting such a review.

(4) The amendments made by subsection (d) shall apply with respect to months beginning on or after the date on which this section becomes effective.

NATIONAL MENTAL HEALTH ASSOCIATION,
*Alexandria, VA, July 29, 1985.*

Hon. DONALD W. RIEGLE, Jr.,
*Dirksen Senate Office Building, Washington, DC.*

DEAR SENATOR RIEGLE: The coalition of national organizations listed below, concerned about the rights of people with physical and mental disabilities, strongly supports your efforts to improve rehabilitation services available to individuals on Social Security Disability Insurance and Supplemental Security Income. We support your introduction of legislation to establish a system whereby a disabled individual's rehabilitation potential will be assessed and an expanded range of rehabilitation service made available.

There is a critical need to improve the availability of appropriate rehabilitation services for individuals with disabilities who receive benefits from federal disability programs. The current system, which finances rehabilitation services after they have been provided and only for persons who engage in nine months of substantial gainful employment, is extremely limited and is a disincentive to rehabilitation efforts. We believe that if a greater range of rehabilitation services were available and funded, many other individuals on the rolls could be rehabilitated so they could return to competitive work. There are also many individuals on the rolls who could benefit enormously from rehabilitation services designed to improve their ability to function more independently. Under your bill, such persons would be identified and referred to the existing state rehabilitation system. Thus, your bill's provisions for expanding the eligibility of service providers to the private sector and for providing financing for individuals who may return to competitive employment could not only be of significant benefit to persons with disabilities, but should also reduce Trust Fund outlays for benefits.

Representatives from our organizations have been working with your staff on the details of this bill, and we are looking forward to continuing to do so as the bill is refined and moves through the legislative process. The introduction of this legislation

should begin a serious Congressional review of the need for improved rehabilitation services for persons receiving federal disability benefits. It is our hope that hearings on your bill can be arranged at an early date so that action can be taken during this Congress.

Sincerely,

CHRIS KOYANAGI.

On behalf of: American Psychological Association; American Rehabilitation Counselling Association; American Association for Counselling and Development; American Mental Health Counsellors Association; Association for Retarded Citizens—U.S.; Epilepsy Foundation of America; International Association of Psychosocial Rehabilitation Services; National Alliance for the Mentality Ill; National Association of Private Residential Facilities for the Mentally Retarded; National Association of Social Workers; National Association of State Mental Retardation Program Directors; National Association of Rehabilitation Facilities; National Council of Community Mental Health Centers; National Easter Seal Society; National Mental Health Association; National Rehabilitation Counselling Association; and United Cerebral Palsy Associations, Inc.●

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By Mr. ARMSTRONG (for himself, Mr. BOREN, Mr. SYMMS, and Mr. WARNER):

S. 1722. A bill to amend the Internal Revenue Code of 1954 to eliminate the separate mailing requirement for statements relating to interest, dividends, and patronage dividends, and for other purposes; to the Committee on Finance.

ELIMINATING SEPARATE MAILINGS OF 1099 FORMS

● Mr. ARMSTRONG. Mr. President, today Senator BOREN and I join with our colleagues Senator SYMMS and Senator WARNER, in introducing this legislation to eliminate the cause of some unnecessary costs associated with the distribution of IRS Form 1099. Specifically, this legislation would remove a statutory requirement that 1099 forms be sent to recipients of dividend and interest income by a separate first class mailing.

IRS Form 1099 is used to provide taxpayers with required annual tax information regarding taxable distributions of corporate dividends, patronage dividends, original issue discounts and interest payments. However, it has come to our attention that considerable sums of money are needlessly expended to comply with the law without the prospect of improving compliance. The law states that corporations, agricultural cooperatives and the financial services industry provide their shareholders or customers with 1099 forms by a method that involves millions of 22 cent separate mailings if these organizations cannot provide them in person.

The reason for the separate mailing requirement is to impress upon the taxpayer the importance of the information included. I believe that there are alternatives available that will be as successful in getting the taxpayers attention so the law ought to provide more flexibility to determine what those effective alternatives should be.

In 1982 the Congress determined, and rightly so, that more must be done to facilitate and improve voluntary tax compliance. In this regard measures were taken to secure the taxpayer identification numbers on all existing and new stockholder accounts and for all existing and new accounts in financial institutions or organizations like stock brokerage firms that distribute income. In combination with these improvements the IRS has been improving its matching capability to identify interest and dividends paid with interest and dividends claimed on tax returns. Furthermore back-up withholding procedures have been established applicable to taxpayers not willing to comply with these minimal requirements. These compliance techniques continue unaltered under this bill.

What this bill does is provide a measure of good sense in this area by reducing an unnecessary compliance cost applied to the private sector and replacing it with an opportunity to design more cost effective procedures. One such alternative is set out in the bill and that is to permit 1099 forms sent to corporate shareholders to accompany corporate dividend checks. Such a alternative provides a cost saving opportunity and, properly marked, the important tax information will not escape the attention of the taxpayer. One caveat exists here and that is the 1099 must still meet the deadline of January 31st of the year following the calendar year for which the 1099 applies.

The experience of one national brokerage firm underscores the need for this new legislation. Last year their expenses for postage alone amounted to $980,000 for three separate mailings-one for customers with dividend income, one for customers with interest income and one for customers with gross receipts. For those customers with more than one type of income one mailing would have accomplished the same goal. Thus another benefit of this legislation would be that these instances such information could be combined and then sent to taxpayers.

Many of the affected institutions provide monthly statements that now include more current year-to-date tax information than is required by law. This practice will do more to keep taxpayers informed of their responsibilities under the law than one separate mailing in my opinion. It should be clear that what requirements are in the law regarding the distribution of 1099's ought to be considered as minimum requirements, not the only permissible procedure. Authority is therefore provided to the Secretary of Treasury to determine What constitutes other acceptable procedures for advising taxpayers of their year-end taxable income, short of a mandatory separate mailing. This will establish a more flexible and efficient system of 1099 dissemination that will compliment, not frustrate, effective tax compliance techniques.

Mr. President, we have a responsibility to minimize the demands of government on taxpayers while maintaining a high standard of tax compliance. This bill will move us in that direction.●

● Mr. BOREN. Mr. President, the legislation that I am co-authoring with the Senator from Colorado and the Senator from Idaho is a commonsense approach toward ending an unfair bureaucratic burden. Current law requires that the 1099 forms which are required by the IRS to report corporate dividends, interest, original issue discounts, and patronage dividends paid to taxpayers must be provided annually either in person or sent individually in separate first-class mailings. This requirement was supposedly designed to make sure that taxpayers who were sent these forms along with other items in one envelope would not just toss the whole package away as if it were junk mail. The way this law was designed, however, imposes a tremendous postage and handling expense to those who are trying to comply with it. In short, this law has been an onerous burden to American businesses and cooperatives and has yielded nothing which would justify its continuation.

Our bill would answer the compliance needs of the IRS and would do just as much to protect against the taxpayer overlooking the 1099 form as does the current law, but it would signficiantly ease the administrative burden on American businesses. Under this legislation, companies and Co-ops would be allowed to send out their 1099's along with dividend checks. The Secretary of the Treasury would also be permitted to determine additional suitable means of distributing the forms. This will allow businesses to better use their internal cash for more productive measures. If we are to remain competitive in the world economy we are going to have to find ways to ease unnecessary governmental burdens like this. I urge my colleagues to join in support of this legislation.●

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By Mr. CHAFEE (for himself, Mr. CHILES, and Mr. MATHIAS):

S. 1723. A bill to establish pilot programs to develop methods for parents of children between the ages of 2 and 8, who may be educationally at risk, to enroll in adult literacy programs in which they will acquire the skills necessary to prepare their children for school and enhance their children's

educational achievement through home learning; to the Committee on Labor and Human Resources.

EVEN START ACT

Mr. CHAFEE. Mr. President, I am today introducing the Even Start Act, a measure that addresses one of the most serious and threatening problems facing the United States: adult illiteracy.

I am pleased that my distinguished colleagues Senators CHILES and MATHIAS have joined me in cosponsoring this legislation, which aims to solve the problem of illiteracy in a multigenerational way. It will involve parents and children together in low-cost programs teaching home-based literacy techniques. A similar version of this bill has been introduced in the House by Representative GOODLING.

Illiteracy is a great barrier for anyone attempting to break out of the cycle of poverty. Seventy-five percent of unemployed Americans lack the basic skills to be trained effectively for a job. Disproportionate numbers of functional illiterates are on the public assistance rolls. It is estimated that $6 billion are spent every year on child welfare costs and unemployment compensation for illiterate adults unqualified for work. Further, there is a direct correlation between illiteracy and crime, with 50 percent of our prison population functionally illiterate and maintained at a cost of another $6 billion per year.

These statistics are distrurbing to anyone concerned about the future health of our economy or the high costs of unemployment and the social welfare system. But what lies behind the numbers and the economic issues of illiteracy is a tragedy of immense proportions. Imagine the millions of illiterate adults who walk by the newsstand every day, incapable of comprehending the headlines of national and world news. Imagine the parents who cannot share a book of nursery rhymes of bedtime stories with their children because the lines of print are meaningless to them. Imagine the humiliation of not understanding the questions on a job application and trying to hide your inability to read from a prospective employer. If you can imagine these things, which is difficult for most readers to do, then you can begin to imagine the hardship endured by the millions of Americans who do not know how to read.

Adult illiteracy is not a new problem. The educational community has long been aware of it and, together with the Federal Government, has developed some programs to combat it. Chief among Federal initiatives to fight illiteracy is the Adult Education Act, first passed by Congress in 1966. Under this act, Adult Basic Education [ABE] Programs were begun all over the country to help those with substandard skills, particularly in literacy, improve their ability to contribute to the community. The existence of this Federal program, alongside numerous private-sector, volunteer-based literacy programs, might seem to indicate that we have the problem in hand and need only continue in our present efforts.

Unfortunately, the programs established to date have proven insufficient. There is general agreement among educators, sociologists, and Federal experts that at least 23 million adult Americans are functional illiterates. Comprising about one-fifth of our adult population, this group lacks the basic communications skills necessary to function effectively at everyday tasks. They cannot read the warning label on a bottle of medicine, a help wanted advertisement, or the operating instructions for a piece of machinery.

By conservative estimates, another 35 million adults possess these skills but are unable to use them with proficiency. This larger group of "marginal illiterates" cannot read a newspaper, a job application or voting materials with anything but the most rudimentary comprehension. Their decision-making as employees, citizens, and parents is seriously impaired by their inability to make sense out of the words and sentences the literate understand with ease.

The education programs currently in place are not reaching the vast majority of this illiterate population, which is growing by more than two million adults per year. Among the 158 member nations of the United Nations, our country ranks 49th in literacy levels. When one considers our extensive public education system, these figures seem unbelievable, but they only hint at the illiteracy problem facing the United States 10 or 20 years down the road.

Most disturbing is that the statistics will continue to grow worse unless we address the problem where it usually begins: in the home. Illiterate parents are far more likely to raise illiterate children than are parents who can read. Jonathan Kozol, whose recent book, "Illiterate America," has drawn attention to this urgent problem, calls the children of nonreaders a "pedagogic time bomb." Unexposed at home to reading habits of any kind, and lacking the preschool parental guidance that helps children from reading families develop basic skills, these children enter school at a significant disadvantage and are most often those who fall behind their classmates. If this happens, they cannot draw upon reinforcement at home, and their nonreading parents are incapable of evaluating their curriculum and working with teachers to help their children catch up. When the children of illiterates fail to acquire reading and writing skills themselves, they enter what is becoming in this country a cycle of illiteracy.

Our education system is not yet equipped to break this tragic cycle. The need for new ideas and programs is clear, but unfortunately we cannot, in these times of fiscal restraint, initiate a costly national literacy program. The legislation I am introducing today offers a new, low-cost approach to the problem. It builds upon outreach and service programs already in place to attack literacy as a problem that is often passed on from one generation to the next.

Working through existing adult basic education centers, the Even Start Act provides funds for the development of model programs to teach illiterate parents not just to read, but to be more effective in teaching their children to succeed in school. It will bring parents and children together to develop techniques of home-based, cooperative reading, building the intergenerational links that are missing in nonreading families. In short, it will teach parents to read along with their children.

This measure awards funding, on a competitive/grant basis, to agencies operating ABE programs in areas where illiteracy rates are highest. In order to qualify, the agency must design a literacy project to enroll the parents of economically disadvantaged children between the ages of 2 and 7. In addition, the agency must serve areas where unemployment rates are high. These are the areas where the cycle of illiteracy is rampant, and where millions of children of nonreading parents are threatened with becoming a new generation of illiterate adults. Finally, any agency selected to conduct an Even Start Project must coordinate its program with other related social service programs, such as Head Start.

Demonstration projects funded under this act will combat illiteracy where it begins and benefit not only adult illiterates but their children who are just beginning school. According to professionals in the field, there is a dire need for programs taking this intergenerational approach. Even Start Programs will contain a natural motivation for parents who not only want to read better, but who—even more strongly—do not want their children to become illiterate adults. Parents who read poorly or not at all will, I am confident, work hard to ensure that their children do not suffer the pain and frustration of illiteracy.

Mr. President, the Even Start Act addresses the grave problem of adult illiteracy without spending billions of dollars the Federal Government cannot afford. It links State, local, and Federal social services with literacy education to develop model programs coordinating adult and elementary

school education. And it is targeted at the most needy and historically underserved Americans.

Programs funded under this legislation will develop methods for solving the problem of illiteracy by teaching families to read and learn together. By providing children from illiterate families with an even start, these programs will begin to break the cycle of illiteracy. I urge my colleagues to support this innovative attempt to help those who live in "illiterate America" become reading, contributing citizens.

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. 1723

*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 "Even Start Act".

FINDINGS AND PURPOSE

SEC. 2. (a) FINDINGS.—The Congress finds that—

(1) successful education depends on the learning skills that are developed at home in the childhood years;

(2) many children from disadvantaged backgrounds begin school with less developed learning skills than their peers and fail to make up that difference over their school career;

(3) at least 23,000,000 adults, many of them parents, lack basic literacy skills;

(4) many parents who lack basic skills are not full partners in the education of their own children;

(5) the participation of such parents in the education of their children can be increased by helping the parents acquire specific skills and strategies needed to work with their children; and

(6) disadvantaged children can begin their education with an even start when their parents are assisted in identifying and meeting their educational and developmental needs.

(b) PURPOSE.—It is therefore the purpose of this Act to combine successfully adult basic education for parents and school readiness training for children into an effective educational program by—

(1) developing model adult basic education literacy programs having a component designed to assist parents to be more effective in preparing their children for entrance into school;

(2) helping parents learn techniques and skills that can be used to assist in their children's education; and

(3) providing parents with supervised opportunities to practice the techniques at the learning center and in the family's home.

USE OF FUNDS

SEC. 3. (a) COMBINED PARENT AND CHILD EDUCATION SERVICES.—Funds made available to a grant recipient under this Act shall be used to provide a program of adult literacy training which includes as a major component the involvement of parents and children together in an effort to enhance the likelihood of educational achievement.

(b) PROGRAM ELEMENTS.—Each program provided by a grant recipient under this Act shall include—

(1) identifying and recruiting eligible participants;

(2) screening and preparation of parents and children for participation, including testing, referral to necessary counseling, and related services;

(3) carrying out programs and furnishing support services to suit the participants' work and other responsibilities, including—

(A) scheduling and locating services to allow joint participation by parents and children;

(B) child care; and

(C) transportation;

(4) establishing instructional programs that promote adult literacy, equip parents to support the education and growth of their children, and prepare children for success in regular school programs;

(5) providing and monitoring integrated instructional services to participants through home-based activities, including direct limited access cable television and other media, where applicable; and

(6) coordinating programs assisted under this Act with programs assisted under chapter 1 of the Education Consolidation and Improvement Act of 1981 in the area.

(c) ELIGIBLE PARTICIPANTS.—Eligible participants in programs provided by a grant recipient under this Act are families that—

(1) include a parent who is eligible for participation in an adult basic education program under the Adult Education Act; and

(2) reside—

(A) in a school attendance area designated for receipt of funds under chapter 1 of the Education Consolidation and Improvement Act of 1981; and

(B) with a child—

(i) who has attained 2 years of age but not 8 years of age, and

(ii) who is enrolled in or will, upon reaching school age, enroll in a school in which 20 percent of the students are eligible to participate in programs assisted by chapter 1 of the Education Consolidation and Improvement Act of 1981.

SELECTION OF GRANT RECIPIENTS

SEC. 4. (a) ELIGIBLE APPLICANTS.—Any agency, organization, or institution which operates an adult basic education program under the Adult Education Act.

(b) GRANT APPLICATION.—(1) To be selected as grant recipient, an eligible applicant shall submit an application that meets the requirements of section 3(b), in such form and containing or accompanied by such information as the Secretary may require.

(2) Such application shall include a demonstration by the applicant that—

(A) the applicant has the qualified personnel required (i) to develop, administer, and implement the program required by this Act, and (ii) to provide special training necessary to prepare staff for the program;

(B) the applicant can coordinate programs under the Adult Education Act with programs under chapter 1 of the Education Consolidation and Improvement Act of 1981, and with related health, nutrition, and social service programs such as Head Start, child abuse treatment and prevention programs, and substance abuse control programs; and

(C) in the case of an applicant that is not a local educational agency, the applicant plans and operates such programs in coordination with the applicable State and local educational agency.

(3) In addition, such application shall include a plan of operation for the program which includes—

(A) a description of the program goals;

(B) a description of the activities and services which will be provided by the program (including training and preparation of staff); and

(C) a statement of the methods which will be used (i) to ensure that the program will serve the eligible participants most in need of the activities and services provided by this Act, and (ii) to provide services under this Act to special populations, such as individuals with limited English proficiency and handicapped individuals.

(c) SELECTION OF GRANT RECIPIENTS.—(1) From the applications submitted in accordance with subsection (b), the Secretary shall select not less than 15 nor more than 20 for final review. In selecting applications under this subsection, the Secretary shall assure that selected applicants—

(A) serve areas in which unemployment rates are higher and the need for the programs for which assistance is sought is greatest; and

(B) serve urban areas in two-thirds of the applications selected and rural areas in one-third of the applications selected.

(2) Such final review shall be conducted by a review panel composed of the Secretary and the following individuals appointed by the Secretary:

(A) a State director of programs under chapter 1 of the Education Consolidation and Improvement Act of 1981;

(B) a director of a local program under such chapter;

(C) a State director of programs under the Adult Education Act;

(D) a director of a local program under such Act;

(E) one chief State school officers;

(F) a representative from a local Parent-Teacher Association;

(G) a professional with training in early childhood education; and

(H) a professional with training in adult literacy training.

(3) The review panel shall select applications for the receipt of funds under this Act.

PROGRAM AGREEMENTS

SEC. 5. (a) PROGRAM AGREEMENT REQUIRED.—An eligible applicant whose application has been selected for funding under section 4(c) shall enter into a program agreement with the Secretary in accordance with this section.

(b) CONTENTS OF PROGRAM AGREEMENT.—Each program agreement under this section shall—

(1) contain such information and assurances as the Secretary may require to ensure compliance with the requirements of this Act;

(2) specify that participants in the program under this Act will be enrolled for a period of not less than 12 months, beginning at any time during or after the beginning of the school year;

(3) assure that the grant recipient will comply with evaluation and dissemination requirements prescribed under section 6; and

(4) contain assurances that the grant recipient will—

(A) provide not less than 25 percent of the cost of the program for the third year of operation;

(B) provide not less than 50 percent of the cost of the program for the fourth year of operation; and

(C) continue to operate the program after the expiration of assistance under this Act, if the program has been demonstrated to be effective.

EVALUATION AND DISSEMINATION OF RESULTS OF PILOT PROJECTS

SEC. 6. (a) EVALUATION REQUIREMENT.—The Secretary shall provide for the evaluation of programs under this Act in order to determine their effectiveness in providing—

(1) adult education services;

(2) for the training of parents to work with their children;

(3) home based programs involving parents and child;

(4) for the participation of special populations;

(5) coordination with related service programs; and

(6) for the training of personnel in the appropriate skill areas.

(b) CONDUCT OF EVALUATIONS.—The evaluation shall be conducted by individuals not directly involved in the administration of the program or project operation under this Act. The outside evaluators and the program administrators shall jointly develop a set of evaluation criteria which provide for appropriate analysis of the factors located in subsection (a). When possible, the evaluations shall include comparisons with appropriate control groups.

(c) OBJECTIVE MEASURES.—In order to determine the effectiveness of a program assisted under this Act in achieving its stated goals, the evaluation shall contain objective measures of such goals and, whenever feasible, will obtain the specific views of program participants about such programs.

(d) DISSEMINATION.—The results of the evaluation conducted under this section shall, not later than the end of fiscal year 1992, be submitted to the national diffusion network and professional journals.

(e) LIMITATION.—Not more than $100,000 of the amount available to carry out the provisions of this Act in each fiscal year may be available to carry out the provisions of this section.

AVAILABILITY OF FUNDS FOR EVEN START PROGRAM

SEC. 7. In order to carry out the provisions of this Act, the Secretary shall, prior to carrying out the provision of the last sentence of section 563(a) of the Education Consolidation and Improvement Act of 1981, reserve $5,000,000 from the amount appropriated for fiscal year 1987 and for each succeeding fiscal year ending prior to October 1, 1991, to carry out chapter 2 of the Education Consolidation and Improvement Act of 1981.

DEFINITIONS

SEC. 8. As used in this Act, the term—

(1) "parent" has the same meaning given that term by section 595(a)(5) of the Education Consolidation and Improvement Act of 1981;

(2) "institution of higher education" has the same meaning given such term by section 481(a)(1) of the Higher Education Act of 1965;

(3) "local educational agency" has the same meaning given that term by section 595(a)(4) of such Act; and

(4) "State educational agency" has the same meaning given that term by section 595(a)(3) of such Act.

Mr. CHILES. Mr. President, I am most pleased to join my distinguished colleague from Rhode Island, Mr. CHAFEE, as an original sponsor of the Even Start Act. It has been a pleasure working with him on this legislation, which I think takes a well-targeted shot at a dual problem in this country—adult illiteracy and educational disadvantage of young children.

I am excited about this bill because it is one piece of a comprehensive approach we need to take to lowering the dismal illiteracy rate in America. To do that, we have got to focus on adult basic education and the range of education and job training options that must be open to functionally illiterate adults. We have got to catch those people who have fallen through the cracks in learning to read and to function in our complex technological world.

But we have got to focus on the children as well, before they fall through the cracks. I heard recently that 18 percent of preschool children in this Nation live in poverty. That means living with unemployed and underemployed parents. That means living in and out of the welfare system. And that very often means living in a home where the parents and the adults lack the skills to prepare children for school, much less be active partners in their schooling and learning through the years.

Without intervention, in this case early intervention and prevention, the cycle goes on. The result is the drop out, another generation of poverty, illiteracy, unemployment, and welfare dependence. And another lost resource for this country.

The Even Start Act would demonstrate innovative and effective ways to draw adults with the greatest educational needs into adult basic education through a range of services to enable them to enhance their young children's readiness and achievement in school. At the same time, the 2- to 7-year-old children whose parents participate gain from what their parents learn.

We worked to make this legislation a strong counterpart to what Head Start does to involve parents of children in that program in their child's education and to encourage the parents to further their own schooling. We have the documented results of Head Start's success in parental involvement, and ultimately the child's gains in school, staying in school, staying out of drugs and out of trouble, and avoiding teen pregnancy. What a bonus it would be if we could demonstrate, in the Adult Basic Education Program, a complementary effort to reach parents through their interest in their children and to teach children through what their parents learn in adult education.

The provisions of this legislation tightly focus on the parents of children in the critical preschool and primary grade years. The demonstrations will be conducted in the areas of highest poverty and Chapter I eligibles. The applicants must show that they can provide the outreach, linkage with relevant programs like Head Start and Chapter I, and comprehensive network of services, including transportation and day care, that will enable the participating adults and their children to benefit. Most importantly, these demonstrations will include activities in the home to promote the skills the parents need to assist in their children's readiness and learning, as well as their own.

As I said, an even start is just one piece of a network of actions we need to take to tackle adult illiteracy. Recently, Senator SPECTER and a number of others from both sides of the aisle introduced legislation aimed at another aspect of the same problem—the dropout Prevention and Reentry Act of 1985. Although I did not join in sponsoring this particular measure, I fully support its intent and thrust, and would like to work with the sponsors of the bill toward an effective study and demonstration of dropout prevention strategies.

I would also like to mention that legislation I joined Senator LEVIN in sponsoring—the Intergenerational Education Volunteer Network Act of 1985, S. 1022—forms another part of the network of programs we need to get children off to a sound start in school and prevent their dropping out or leaving school illiterate. This bill would authorize demonstrations of model programs involving older Americans as one-on-one tutors of children participating in Chapter I to increase their competency in the basic skills. Foster Grandparents have been a great bonus and resource in our schools. To offer our most needy and high risk children this opportunity for individualized help in school, as well as closer relationships and better understanding of the elderly, is again, a double bonus.

As we build our network of illiteracy and dropout prevention programs, we cannot forget that continuing support of the programs that are in place and working—Head Start, Chapter I, vocational and adult education, migrant education—is the key. These programs form the solid foundation for our effort.

Again, I would like to thank Senator CHAFEE for allowing me to work with him on this bill, and I look forward to continuing this work with him, and my other distinguished colleagues, who are all seeking effective answers to these urgent problems facing us.

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By Mr. BOREN (for himself and Mr. NICKLES):

S. 1724. A bill to authorize the Cherokee Nation of Oklahoma to design and construct hydroelectric power facilities at W.D. Mayo lock and dam; to the Select Committee on Indian Affairs.

HYDROELECTRIC POWERPLANT CONSTRUCTION BY THE CHEROKEE NATION OF OKLAHOMA

Mr. BOREN. Mr. President, I rise today to introduce legislation that will authorize the Cherokee Nation to design and construct the addition of hydroelectric generating facilities to the W.D. Mayo lock and dam near Sallisaw, OK. The financing, engineering design, and actual construction of the addition will be accomplished by the Cherokee Nation of Oklahoma. The design and construction will be approved and inspected by the U.S. Army Corps of Engineers. At the completion of construction, the Corps of Engineers will own, operate, and maintain the facilities.

Under this legislation, the Southwestern Power Administration will market the power produced at the facilities in accordance with section 5 of the 1944 Flood Control Act. The Southwestern Power Administration will be authorized to repay the Cherokee Nation the costs incurred for design and construction only after completion of the facilities and revenues can be realized from the sale of power.

The Cherokee Nation is striving to broaden their business base in a depressed geographical area and in what can only be described as a depressed regional economy. For these reasons the development of hydroelectric power on the Arkansas River makes sense as a tribal development.

The nation is prepared to bring 100 percent of the financing to the table to facilitate developing these facilities at the Mayo lock and dam. It is their intent to keep within the administration's water project financing and cost-sharing policies.

Given the existing situation on the Arkansas River, with the corps' ownership and operation of all the locks, dams, and hydroelectric generation facilities within a reasonable distance up and down the river from W.D. Mayo, it appears that the public interest would best be served by the corps' operation of the hydroelectric facility at the Mayo site. This would result in the most efficient management and operation of this water resource, as well as maximum compatibility with the existing system. Also, utilizing the existing infrastructure would negate the need to hire and train additional personnel, or construct new power lines.

As has been stated, it is the Cherokee Nation's intent to provide the financing and development of the project in return for a reasonable royalty. This project will provide, in the near term, much needed jobs in northeastern Oklahoma. Most importantly though, the income stream from this project will enhance the possibility of tribal independence from Federal subsidy programs. I applaud the efforts of the Cherokee Nation to expand their capabilities and I ask my colleagues to join with me in support of their efforts.

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

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

S. 1724

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. (a) Notwithstanding any other provision of law, the Cherokee Nation of Oklahoma is hereby authorized to design and construct the addition of hydroelectric generating facilities to the W.D. Mayo Lock and Dam on the Arkansas River in Oklahoma that is described in the report of the Chief of Engineers dated December 23, 1981, if the agreement described in subsection (b) is executed by all parties described in subsection (b).

The Secretary of the Army, acting through the Army Corps of Engineers, and the Secretary of Energy, acting through the Southwestern Power Administration shall enter into a binding agreement with the Cherokee Nation of Oklahoma under which—

(1) the Cherokee Nation of Oklahoma agrees—

(A) to design and initiate construction of the generating facilities referred to in subsection (a) within 3 years after the date of such agreement,

(B) to reimburse the Secretary of the Army for the costs incurred by the Army Corps of Engineers in—

(i) approving such design and inpecting such construction, and

(ii) providing any assistance authorized under subsection (c)(2),

(C) to release and indemnify the Federal Government from any claims, causes of action, or liability which may arise from such design or construction, and

(2) the procedures and requirements for approval and acceptance of such design and construction are set forth,

(3) the rights, responsibilities, and liabilities of each party to the agreement are set forth, and

(4) the amount of the payments under section 2(b), and the procedures under which such payments are to be made, are set forth.

(c)(1) No Federal funds may be expended for the design or construction of the generating facilities referred to in subsection (a) prior to the date on which such facilities are accepted by the Secretary of the Army under subsection (d).

(2) Notwithstanding any other provision of law, the Secretary of the Army, through the Army Corps of Engineers is authorized to provide, on a reimbursable basis, any assistance requested by the Cherokee Nation of Oklahoma in connection with the design or construction of the generating facilities referred to in subsection (a).

(d) Notwithstanding any other provision of law, upon completion of the construction of the generating facilities referred to in subsection (a) and final approval of such facilities by the Secretary of the Army—

(1) the Cherokee Nation of Oklahoma shall transfer title to such facilities to the United States, and

(2) the Secretary of the Army shall—

(A) accept the transfer of title to such generating facilities on behalf of the United States, and

(B) operate and maintain such facilities through the Army Corps of Engineers.

SEC. 2. (a) The Southwestern Power Administration shall market the excess power produced by the generating facilities referred to in section 1(a) in accordance with section 5 of the Act of December 22, 1944 (58 Stat. 890; 16 U.S.C. 825s).

(b) Notwithstanding any other provision of law, the Secretary of Energy, through the Southwestern Power Administration, is authorized to pay to the Cherokee Nation of Oklahoma, in accordance with the terms of the agreement entered into under section 1(b), out of the revenues from the sale of power produced by the generating facilities of the interconnected systems of reservoirs operated by the United States Army Corps of Engineers and marketed by the Southwestern Power Administration—

(1) all of the costs incurred by the Cherokee Nation of Oklahoma in the design and construction of the generating facilities referred to in section 1(a), including the capital investment in such facilities and interest on such capital investment, and

(2) for a period not to exceed 50 years, a reasonable annual royalty for the design and construction of the generating facilities referred to in section 1(a).

(c) Notwithstanding any other provision of law, the Secretary of Energy, through the Southwestern Power Administration, is authorized—

(1) to construct such transmission facilities as necessary to market the power produced at the generating facilities referred to in section 1(a) with funds contributed by non-Federal sources, and

(2) to repay those funds, including interest and any administrative expenses, directly from the revenues from the sale of power produced by the generating facilities of the interconnected systems of reservoirs operated by the United States Army Corps of Engineers and marketed by the Southwestern Power Administration.

SEC. 3. There are authorized to be appropriated for the fiscal year in which title to the generating facilities is transferred and accepted under section 1(d), and for each succeeding fiscal year, such sums as may be necessary to operate and maintain such facilities and to market the power from such facilities.

SEC. 4. (a) Notwithstanding section 7871, section 103(m), and any other provision of section 103 of the Internal Revenue Code of 1954 (except subsections (c) and (j) of section 103 of such code), any obligation issued by the Cherokee Nation of Oklahoma, substantially all the proceeds of which are used to design or construct the generating facilities referred to in section 1(a), shall be treated as an obligation described in section 103(a)(1) of such Code for all purposes of such Code.

(b) No provision of law shall affect the applicability of subsection (a) unless such other law specifically cites subsection (a).

Mr. NICKLES. Mr. President, I am pleased to join with Senator BOREN in introducing legislation which would authorize the Cherokee Nation to finance, design, and construct hydroelectric generating facilities at W.D. Mayo Lock and Dam No. 14 near Sallisaw, OK. This plant will add needed low-cost power to the Southwest Federal Power System in the shortest possible timeframe and will benefit the Cherokee Nation by providing re-

sources for employment, better educational opportunities, and other facilities for the economic advancement of tribal members.

This system would be constructed through financing provided by the Cherokee Nation in cooperation with the U.S. Army Corps of Engineers, who would own, operate, and maintain the facility. I want to stress that no Government funds would be used for initial construction of the project.

The marketing of the power would be performed by the Southwest Power Administration, in accordance with section 5 of the 1944 Flood Control Act. The SWPA would reimburse the Cherokee Nation for all project costs along with a reasonable annual royalty for the design and construction of the system. Annual operating, maintenance, replacement, and marketing expenses incurred after facilities are operational would be funded through congressional appropriations and would be repaid by the SWPA with revenues resulting from the sale of power.

This approach to the operational and marketing aspects of the project in cooperation with the existing Federal infrastructure, without the expense of having to add extra personnel or facilities, is in the highest interests of the administration's Federal/non-Federal cost-sharing goals. Moreover, in the near term, the project will provide much needed jobs in northeastern Oklahoma as well as schools and other activities and facilities that will improve the overall tribal condition. Above all, it will greatly further the possibility of tribal independence from Federal subsidy programs.

This project is an excellent example of initiative to attain self-sufficiency on the part of the Cherokee Nation. I urge my colleagues to join me in supporting this highly worthy effort to utilize our Nation's resources while improving the economic standing of Oklahomans in a traditionally depressed geographical area.

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By Mr. BENTSEN (for himself, Mr. JOHNSTON, Mr. INOUYE, Mr. BURDICK, Mr. NUNN, Mr. HOLLINGS, Mr. MATSUNAGA, Mr. BRADLEY, Mr. LAXALT, Mr. QUAYLE, Mr. MCCLURE, Mr. THURMOND, and Mr. COCHRAN):

S.J. Res. 210. Joint resolution designating the week beginning on October 20, 1985, as "Benign Essential Blepharospasm Awareness Week"; to the Committee on the Judiciary.

BENIGN ESSENTIAL BLEPHAROSPASM AWARENESS WEEK

● Mr. BENTSEN. Mr. President, I am pleased to introduce today, along with 12 of my colleagues, a joint resolution designating the week beginning October 20, 1985 as "Benign Essential Blepharospasm Week."

Benign essential blepharospasm is a little understood, eye-related disease which causes uncontrollable spastic contractions of the muscles around the eye. While the disease is not fatal, it is progressive and can lead to functional blindness. As many as 500,000 Americans suffer from this debilitating disorder, yet neither the medical community nor the general public know very much about the illness. As a result, victims are often misdiagnosed or told that the problem is psychosomatic.

The Benign Essential Blepharospasm Foundation was formed in an attempt to heighten public awareness of blepharospasm, and is dedicated to discovering the cause and a cure for the disease. Part of its attention has been directed at generating a more widespread understanding of blepharospasm in the medical community. The Foundation recently helped arrange a conference at the National Institutes of Health to discuss the direction for future research on the disease. Scientists in attendance from around the country have begun submitting grant applications so that the search for the cause and a cure can begin in earnest.

In addition to sponsoring such activities, the Foundation has established support groups in every State in the Nation to encourage communication among persons afflicted with the disorder, and runs the only clearinghouse in the world for dissemination of information on blepharospasm. The Foundation has also been active in raising money from public and private sources to help support continued research.

I share with the Foundation and sufferers of blepharospasm the concern that we commit the resources necessary to conquer this disease. Designating a week to promote awareness of benign essential blepharospasm will lead to greater knowledge and understanding of the disease and hopefully an increase in medical research, with the result being on improvement in the ability of physicians to treat victims of blepharospasm.

Mr. President, I urge my colleagues to join us in support of this joint resolution.●

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By Mr. DURENBERGER:

S.J. Res. 211. Joint resolution to provide for the designation of the week beginning October 6, 1985, as "National Sudden Infant Death Syndrome Awareness Week"; to the Committee on the Judiciary.

NATIONAL SUDDEN INFANT DEATH SYNDROME AWARENESS WEEK

● Mr. DURENBERGER. Mr. President, each day some 20 infants in the United States succumb while asleep to the sudden infant death syndrome, which is commonly called SIDS. Before it was called SIDS it was known to many as crib death. There is no warning and no reason to expect that any particular baby will die. But 7,000 of them do die each year in this country—7,000 apparently normal and healthy infants between the ages of 1 week and 1 year.

Little is known about this mysterious syndrome. It appears to be as old as recorded history, and it strikes every ethnic group, every social class, every economic stratum, every region of the world.

The death of any child is a senseless tragedy which can totally disrupt the lives of parents and siblings. But a SIDS death or crib death often results in unique and particularly traumatic problems for the families of victims. Because SIDS is not well understood and because it is not well known among the public, the families of SIDS victims can often find themselves suspected of child abuse or child neglect. Even when an autopsy results in a formal finding of SIDS as the cause of death, friends, neighbors, and relatives often remain confused and parents often suffer from feelings of guilt. This added anguish can be helped with counseling where needed, but it can be avoided if more people are aware of SIDS in the first place. It was this reason that Congress passed legislation in 1974 to provide for counseling projects and medical protocol in SIDS cases.

But SIDS cuts a wider swath. Because it is not well understood, it can cause panic among parents of any young children. A few years ago, for example, a brief news item concerning a possible link between SIDS and certain innoculations—a link which was disproved—caused many parents to insist that their children not be innoculated. More horrifying, a number of unscrupulous people have been know to capitalize on the ignorance about SIDS to peddle quackery.

Substantial progress has been made in the investigation of SIDS in the past few years. It is possible that we may soon be able to identify infants who appear particularly susceptible to this pernicious killer. Once identified, they can be closely monitored so that resuscitation is undertaken as soon as needed. But diagnosis and prevention remain only distant goals, and research must be supported with contributions.

In other words, there is a clear need for more awareness of the sudden infant death syndrome. Greater knowledge by the public can help the parents of victims to avoid added anguish. Just as important, it can prevent panic among other parents. Finally, it can stimulate the contributions needed for further research.

Mr. President, for the last 13 years I have known Dr. Ralph Franciosi, a young pathologist in Minneapolis. He

has dedicated his life at the Children's Health Center in Minneapolis to the study of SIDS, and to trying to spread knowledge, information, and a greater awareness among the public. But it was not until I received a phone call about 5 o'clock in the morning from one of my legislative assistants who said only, "Something terrible has happened. Our baby is dead," that I felt as a U.S. Senator that I had to take it upon myself to inform my colleagues about their obligations to spread the word and increase the awareness of sudden infant death syndrome.

This joint resolution is only part of that process. What we and others do with this resolution from here on out is what will help other parents to avoid the problems experienced every year by 7,000 parents in this country.

That is why I have introduced this joint resolution designating the first week of October as "National Sudden Infant Death Syndrome Awareness Week."

Mr. President, I ask unanimous consent that the text of the joint resolution be printed in the RECORD at this point.

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

S.J. RES. 211

Whereas Sudden Infant Death Syndrome is a recognized disease entity which kills thousands of infants each year in the United States;

Whereas Sudden Infant Death Syndrome is the leading killer of infants between the age of one week and one year;

Whereas Sudden Infant Death Syndrome knows no boundaries of race, ethnic group, region, class, or country;

Whereas the victims of Sudden Infant Death Syndrome are babies who appear healthy but who nonetheless die without warning during sleep and nap time;

Whereas the parents and siblings of Sudden Infant Death Syndrome often suffer anguish because many people are unaware of the existence of the pernicious killer;

Whereas research is underway throughout the world to identify the causes and process of the syndrome and to treat infants who can be identified as potential victims; and

Whereas as increase in national awareness of the problem of Sudden Infant Death Syndrome may ease the burden of the families of victims and may stimulate interest in increased research into the causes and the cure of Sudden Infant Death Syndrome: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the week beginning October 6, 1985, is designated as "National Sudden Infant Death Syndrome Awareness Week," and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe this week with appropriate activities.●

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By Mr. ARMSTRONG:

S.J. Res. 212. Joint resolution providing for the convening, whenever the legislatures of two additional States pass a resolution to hold such a convention of a constitutional convention for the purposes of proposing an amendment relating to the balancing of the Federal budget; to the Committee on the Judiciary.

BALANCED BUDGET CONSTITUTIONAL CONVENTION CONVENING RESOLUTION

● Mr. ARMSTRONG. Mr. President, for many years the people have recognized that a menace has been growing in Washington, DC, that threatens the fiscal stability of the Government and the economic well-being of every family in the Nation. The danger arises from massive spending programs that Congress has built into our State and Federal systems over the past 50 years which are now increasing at a faster rate than our economic growth and outpacing the people's ability to pay for them.

Despite the imminent danger of huge and mounting deficits, it is not the Congress that is leading the fight to reform the profligate spending programs that are now embedded in the fabric of American law, it is the people themselves! Just last year while we in the Congress fiddled and once again failed to control runaway Federal spending, Missouri became the 32d State to petition Congress to either initiate a Federal balanced budget amendment or to call a constitutional convention for that purpose.

This grassroots effort is mounting because of the economic instability we have experienced over the last decade and a growing conviction that many of our economic ills stem from skyrocketing Federal deficits. Certainly we have made progress in the last 3 years in important areas—inflation is down, unemployment is down, interest rates are down. However, ever-growing Federal deficits threatened to undermine our recovery, sapping the new vitality that we have worked so hard to attain.

While Congress has been vacillating, citizens across the country have been organizing a drive to call a constitutional convention to develop and pass a balanced budget amendment. In the last 9 years, 32 States have passed petitions calling for a convention and 11 States have passed them twice. It is becoming a reasonable expectation that the State legislatures will be forced, by the failures of Congress, to call for a constitutional convention to consider a balanced budget amendment and thereby project the United States into an unprecedented situation.

To put this into perspective, article V of the Constitution sets forth two methods of proposing amendments. One method allows two-thirds of both Houses of Congress to propose a constitutional amendment. Our Founding Fathers provided another means that could be used in the event that Congress fails to respond to serious national problems. The Constitution allows two-thirds of the State legislatures to petition for the calling of a constitutional convention. Historically, Congress has taken the lead in proposing amendments to the Constitution to be later ratified by State legislatures or by a State convention called for that purpose. However, for the first time since the adoption of our Constitution in 1778, it appears that a constitutional convention will be called before Congress passes an amendment to the Constitution.

Because Congress has an overriding obligation to preserve the integrity of the Constitution, it has now become imperative that Congress map out a procedure with necessary safeguards to guarantee that the Constitution is not weakened or destabilized by a constitutional convention. There has been considerable concern and debate about the likelihood of limiting the debate to a single purpose. However, there is a reasonable basis for believing that a constitutional convention can be limited to the consideration of the balanced budget amendment and that reasonable procedures can be established for calling the convention, selecting delegates, and setting up guidelines that can remove much of the doubt and uncertainty that surrounds the calling of such a convention.

A 1973 American Bar Association study of the convention method of amending the constitution concluded:

> Congress has the power to establish procedures limiting a convention to the subject matter which is stated in the applications received from the State legislatures.

Former Senator Sam Ervin, a well-respected advocate of a balanced budget once stated:

> Fear of a runaway convention is just a nonexistent constitutional ghost conjured up by people who are opposed to balancing the budget, because they want to be able to promise special groups something for nothing out of an empty pocketbook.

In addition, there are a number of safeguards in place to prevent a constitutional crisis from developing. For example; (1) Congress can advance its own amendment making the calling of a convention unnecessary—even though to date it has not done so; (2) it can refuse to submit nonconforming amendments to the States for ratification; (3) since the results of the convention must be ratified by three-fourths of the States, only 13 States can block the action of the convention; (4) and finally, Congress can set up the procedures on how the convention conducts itself.

I would prefer to see Congress pass a balanced budget amendment before the final two States pass petitions. However, the immediacy of the situation requires that Congress address the legitimate concerns of how a constitutional convention should be orga-

nized and conducted in an orderly manner. Our $200 billion deficit has placed the fiscal stability of the U.S. Government in sufficient immediate jeopardy that we now do not have the luxury of time for drawn-out court proceedings on questions such as the validity of the petitions received and limiting the convention's activity to a single issue.

Today, I am introducing a balanced budget constitutional convention convening resolution to set forth the procedures of such a convention. An identical measure is being introduced in the House by Congressman KEN KRAMER, who has done the primary work on this proposal and deserves great credit for pulling it together. This measure is an historic first from this standpoint. This is the first time legislation had been introduced to carry out a single-purpose convention. It is also the first bill to specifically establish a timetable for the call of a convention.

This legislation would:

Declare the 32 State petitions already received to be valid and contemporaneous under the terms established in article V of the Constitution.

Establish an automatic mechanism for determining the validity of any new petitions.

Clearly limit the scope of the convention so it could only deal with the subject of drafting a balanced budget amendment.

Call for the balanced budget convention to be convened in Philadelphia within 180 days after the 34th application is determined valid.

Provide for selection and compensation of convention delegates, and describe their duties.

Limit the duration of the convention to 120 days.

Provide for ratification by State legislatures.

I do not personally favor a constitutional convention. But Congress cannot continue to neglect the concerns of the American people over the growing deficit and the future of our economy. This measure is designed to force Congress to approve a balanced budget amendment by in effect giving Congress an ultimatum—either act now or have a constitutional convention automatically convened if two more State petitions are received for a constitutional convention.

This is a time for the same quality of leadership and vision that was displayed by our Founding Fathers when they drafted the Constitution itself. There are uncertainties now, but nothing compared to the atmosphere in which those early visionaries completed their historic achievement. Now it is our turn to measure up to the demands of history.●

## ADDITIONAL COSPONSORS

S. 361

At the request of Mr. MOYNIHAN, the name of the Senator from Vermont [Mr. LEAHY] was added as a cosponsor of S. 361, a bill to amend the Internal Revenue Code of 1954 to make permanent the deduction for charitable contributions by nonitemizers.

S. 554

At the request of Mr. ROTH, the name of the Senator from Pennsylvania [Mr. SPECTER] was added as a cosponsor of S. 554, a bill to amend title 18, United States Code, to include the transportation of males under the Mann Act, to eliminate the lewd and commercial requirements in the prosecution of child pornography cases, and for other purposes.

S. 1209

At the request of Mr. CHILES, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 1209, a bill to establish the National Commission to Prevent Infant Mortality.

S. 1250

At the request of Mr. HEINZ, the name of the Senator from Arizona [Mr. DECONCINI] was added as a cosponsor of S. 1250, a bill to amend the Internal Revenue Code of 1954 to extend the targeted jobs tax credit for 5 years, and for other purposes.

S. 1259

At the request of Mr. THURMOND, the name of the Senator from Virginia [Mr. WARNER] was added as a cosponsor of S. 1259, a bill to correct certain inequities by providing Federal civil service credit for retirement purposes and for the purpose of computing length of service to determine entitlement to leave, compensation, life insurance, health benefits, severance pay, tenure, and status in the case of certain individuals who performed service as National Guard technicians before January 1, 1969.

S. 1325

At the request of Mr. HEINZ, the name of the Senator from South Carolina [Mr. HOLLINGS] was added as a cosponsor of S. 1325, a bill to amend titles XVIII and XIX of the Social Security Act to require second opinions with respect to certain surgical procedures as a condition of payment under the Medicare and Medicaid Programs.

S. 1414

At the request of Mr. BENTSEN, the name of the Senator from Colorado [Mr. HART] was added as a cosponsor of S. 1414, a bill to provide additional funding and authority for the Federal Bureau of Investigation in order to improve the counterterrorist capabilities of the Bureau.

S. 1427

At the request of Mr. GRASSLEY, the name of the Senator from Nebraska [Mr. ZORINSKY] was added as a cosponsor of S. 1427, a bill to prohibit the suspension of an employee's benefit accrued under a retirement plan solely because of age before accruing the maximum normal retirement benefit.

S. 1450

At the request of Mr. HEINZ, the name of the Senator from Georgia [Mr. NUNN] was added as a cosponsor of S. 1450, a bill to prohibit the Secretary of Health and Human Services from changing reimbursement levels or methodologies for home health services under the Medicare Program prior to October 1, 1986, or during a freeze period.

S. 1542

At the request of Mr. MCCLURE, the name of the Senator from Montana [Mr. MELCHER] was added as a cosponsor of S. 1542, a bill to amend the National Trails System Act by designating the Nez Perce (Nee-Me-Poo) Trail as a component of the National Trails System.

S. 1652

At the request of Mr. HEINZ, the names of the Senator from Michigan [Mr. LEVIN] and the Senator from South Carolina [Mr. HOLLINGS] were added as cosponsors of S. 1652, a bill to amend the Internal Revenue Code of 1954 to make permanent the exclusion for amounts received under qualified group legal services plans.

S. 1679

At the request of Mr. GRASSLEY, the names of the Senator from Rhode Island [Mr. PELL] and the Senator from Wisconsin [Mr. KASTEN] were added as cosponsors of S. 1679, a bill to strengthen provisions of the law that provide safeguards when imports threaten to impair the national security.

S. 1692

At the request of Mr. STEVENS, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of S. 1692, a bill to amend title 39, United States Code, to postpone the scheduled increase in postage rates for nonprofit and certain other mailers until January 1, 1986 and for other purposes.

SENATE JOINT RESOLUTION 34

At the request of Mr. QUAYLE, the name of the Senator from Wisconsin [Mr. KASTEN] was added as a cosponsor of Senate Joint Resolution 34, a joint resolution to designate the week of October 6, 1985, through October 12, 1985, as "National Children's Week."

SENATE JOINT RESOLUTION 74

At the request of Mr. THURMOND, the name of the Senator from South Carolina [Mr. HOLLINGS] was added as a cosponsor of Senate Joint Resolution 74, a joint resolution to provide for the designation of the month of February,

1986, as "National Black (Afro-American) History Month."

SENATE JOINT RESOLUTION 102

At the request of Mr. ZORINSKY, the name of the Senator from West Virginia [Mr. ROCKEFELLER] was added as a cosponsor of Senate Joint Resolution 102, a joint resolution to establish a National Commission on Illiteracy.

SENATE JOINT RESOLUTION 190

At the request of Mr. ROTH, the names of the Senator from Kansas [Mr. DOLE], the Senator from Rhode Island [Mr. CHAFEE], the Senator from New York [Mr. MOYNIHAN], and the Senator from New Hampshire [Mr. HUMPHREY] were added as a cosponsors of Senate Joint Resolution 190, a joint resolution to establish greater productivity in Federal Government operations as a national goal of the United States.

SENATE JOINT RESOLUTION 195

At the request of Mr. KASTEN, the names of the Senator from Illinois [Mr. SIMON], the Senator from North Carolina [Mr. EAST], the Senator from Massachusetts [Mr. KERRY], the Senator from Idaho [Mr. MCCLURE], the Senator from Georgia [Mr. NUNN], and the Senator from Indiana [Mr. QUAYLE] were added as a cosponsors of Senate Joint Resolution 195, a joint resolution to designate the week of October 20, 1985, through October 26, 1985, as "National Temporary Services Week."

SENATE JOINT RESOLUTION 208

At the request of Mr. COCHRAN, the name of the Senator from Kansas [Mr. DOLE] was added as a cosponsor of Senate Joint Resolution 208, a joint resolution to designate the week of October 27, 1985 through November 2, 1985, as "National Alopecia Awareness Week."

SENATE CONCURRENT RESOLUTION 39

At the request of Mr. DODD, the name of the Senator from Rhode Island [Mr. PELL] was added as a cosponsor of Senate Concurrent Resolution 39, a concurrent resolution expressing the support of the Congress for Costa Rica's neutrality and urging the President to support such neutrality.

SENATE CONCURRENT RESOLUTION 68

At the request of Mr. DURENBERGER, the names of the Senator from Oregon [Mr. HATFIELD], the Senator from Pennsylvania [Mr. HEINZ], the Senator from California [Mr. WILSON], and the Senator from Minnesota [Mr. BOSCHWITZ] were added as a cosponsors of Senate Concurrent Resolution 68, a concurrent resolution expressing support for Chile's National Accord for the Transition to Full Democracy.

SENATE CONCURRENT RESOLUTION 71

At the request of Mr. WEICKER, the names of the Senator from South Dakota [Mr. ABDNOR], the Senator from Texas [Mr. BENTSEN], the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from North Dakota [Mr. BURDICK], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Florida [Mr. CHILES], the Senator from Mississippi [Mr. COCHRAN], the Senator from Connecticut [Mr. DODD], the Senator from Kansas [Mr. DOLE], the Senator from Missouri [Mr. EAGLETON], the Senator from Nebraska [Mr. EXON], the Senator from Kentucky [Mr. FORD], the Senator from South Carolina [Mr. HOLLINGS], the Senator from California [Mr. WILSON], the Senator from Nebraska [Mr. ZORINSKY], the Senator from Hawaii [Mr. INOUYE], the Senator from Michigan [Mr. LEVIN], the Senator from Maryland [Mr. MATHIAS], the Senator from Montana [Mr. MELCHER], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from Ohio [Mr. METZENBAUM], the Senator from Maine [Mr. MITCHELL], the Senator from New York [Mr. MOYNIHAN], the Senator from Georgia [Mr. NUNN], the Senator from Indiana [Mr. QUAYLE], the Senator from Michigan [Mr. RIEGLE], the Senator from West Virginia [Mr. ROCKEFELLER], the Senator from Maryland [Mr. SARBANES], the Senator from Tennessee [Mr. SASSER], the Senator from Mississippi [Mr. STENNIS], and the Senator from Virginia [Mr. TRIBLE] were added as cosponsors of Senate Concurrent Resolution 71, a concurrent resolution to commemorate the accomplishments of Public Law 94-142 The Education for All Handicapped Children Act on the 10th anniversary of its enactment.

SENATE RESOLUTION 96

At the request of Mr. GOLDWATER, the names of the Senator from Colorado [Mr. ARMSTRONG], the Senator from Montana [Mr. BAUCUS], the Senator from Oklahoma [Mr. BOREN], the Senator from New Jersey [Mr. BRADLEY], the Senator from North Dakota [Mr. BURDICK], the Senator from Alabama [Mr. DENTON], the Senator from Connecticut [Mr. DODD], the Senator from Kansas [Mr. DOLE], the Senator from Minnesota [Mr. DURENBERGER], the Senator from Nebraska [Mr. EXON], the Senator from Texas [Mr. GRAMM], the Senator from Colorado [Mr. HART], the Senator from Utah [Mr. HATCH], the Senator from Alabama [Mr. HEFLIN], the Senator from South Carolina [Mr. HOLLINGS], the Senator from New Hampshire [Mr. HUMPHREY], the Senator from Hawaii [Mr. INOUYE], the Senator from Wisconsin [Mr. KASTEN], the Senator from Massachusetts [Mr. KERRY], the Senator from Nevada [Mr. LAXALT], the Senator from Michigan [Mr. LEVIN], the Senator from Idaho [Mr. MCCLURE], the Senator from Kentucky [Mr. MCCONNELL], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from Georgia [Mr. MATTINGLY], the Senator from Georgia [Mr. NUNN], the Senator from South Dakota [Mr. PRESSLER], the Senator from Mississippi [Mr. STENNIS], the Senator from Alaska [Mr. STEVENS], the Senator from Virginia [Mr. WARNER], and the Senator from California [Mr. WILSON] were added as cosponsors of Senate Resolution 96, a resolution relating to the centennial observance of the University of Arizona.

SENATE RESOLUTION 222

At the request of Mr. DODD, the name of the Senator from Massachusetts [Mr. KENNEDY] was added as a cosponsor of Senate Resolution 222, a resolution expressing the support of the Senate for the agreement by opposition political parties in Chile calling for a transition to full democracy in that country, and for other purposes.

## SENATE RESOLUTION 236—AUTHORIZING TESTIMONY OF A SENATE EMPLOYEE

Mr. DOLE (for Mr. KASTEN) submitted the following resolution; which was considered and agreed to:

S. RES. 236

Whereas, in the case of *United States* v. *Amy Walls, et al.*, Petty Offense Violation No. J0027221/WE40, pending in the United States District Court for the Eastern District of Wisconsin, the defendants have obtained a subpoena for the appearance of David Krahn, Senator Bob Kasten's State Director;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by the judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that the testimony of an employee of the Senate is needful for use in any court for the promotion of justice, the Senate will take such action thereon as will promote the ends of justice consistent with the privileges and rights of the Senate. Now, therefore be it

*Resolved*, That David Krahn is authorized to appear and testify in the case of *United States* v. *Amy Walls, et al.*, except concerning matters which may be privileged.

## NOTICES OF HEARINGS

SUBCOMMITTEE ON ENERGY REGULATION AND CONSERVATION

Mr. NICKLES. Mr. President, I would like to announce for the information of the Senate and the public, that the Subcommittee on Energy Regulation and Conservation of the Committee on Energy and Natural Resources has rescheduled the oversight hearing it previously had scheduled for September 24, 1985. The hearing now will be held on Friday, October 18, 1985, at 9 a.m. in room SD-366 in the Senate Dirksen Office Building in Washington, DC.

Testimony will be received on innovative approaches in industrial energy efficiency. Those wishing to testify or submit a written statement for the hearing record should write to the Subcommittee on Energy Regulation

and Conservation, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC. 20510.

For further information regarding this hearing, please contact Mr. Al Stayman, 202-224-2366.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. ROTH. Mr. President, the Senate Committee on Governmental Affairs will hold a business meeting on Wednesday, October 2 at 1:30 p.m., in room SD-342. Under consideration will be civil service pension reform legislation, presidential libraries legislation and the nomination of Bill Colvin for inspector general at the National Aeronautics and Space Administration and Barbara Mahone for Chairman of the Special Panel on Appeals. For further information, please contact the committee office at 224-4751.

## AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON AVIATION

Mr. DOLE. Mr. President, I ask unanimous consent that the Subcommittee on Aviation of the Committee on Commerce, Science, and Transportation be authorized to meet during the session of the Senate on Tuesday, October 1, to conduct a meeting on aviation safety.

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

## ADDITIONAL STATEMENTS

## ORANGE COUNTY AFRICAN RELIEF FUND

● Mr. KENNEDY. Mr. President, over the past year, as we all know, there has been an extraordinary outpouring of support from the American people in behalf of the famine relief efforts in Africa. Thanks to the contributions of millions of Americans across our country, we have been the leader in offering a helping hand to Africa.

There have been countless individual efforts, large and small, to raise funds for the relief programs of the voluntary and church agencies working in the field. They prove, once again, that an individual can make a difference.

An example of this was the action last year by two students at the University of California at Irvine to organize a fast to raise funds for Oxfam/America's relief program in Ethiopia, Sudan, and other areas of Africa.

Reading about the efforts of these students inspired David Stein and Barry Brief, partners in an Orange County land development company, to ask their friends and business associates to contribute as well. The fund jumped from $3,000 to $30,000 in only a few days. What began as a 1-day fast had blossomed into a countywide fundraising effort referred to as the Orange County African Relief Fund.

Contributions from hundreds of individuals and businesses pushed the amount of the fund over the $100,000 mark by the end of January 1985. A $100,000 donation made jointly by the Ahmanson Foundation and Fieldstead & Co., in June 1985 increased the total amount raised for the fund to over $200,000.

They have now announced that the Orange County African Relief Fund will sponsor an annual fundraising event in conjunction with the "Fast for a World Harvest" program conducted by Oxfam America during the week prior to Thanksgiving. The fund has been endorsed by the Orange County Board of Supervisors, the Orange County Chapter of the National Conference of Christians and Jews, and several Orange County municipalities.

Mr. President, I want to commend them for their outstanding efforts and to share with my colleagues some articles describing their work in behalf of African famine relief over this past year. I ask that they be printed in the RECORD.

The articles follow:

[From the Los Angeles Times, Nov. 23, 1984]

FASTERS FEAST ON FULFILLMENT

UCI STUDENTS RAISE $32,138 TO HELP FEED THE WORLD'S HUNGRY

(By Susan McCallum)

When Johannes Von Vugt told people he wanted to raise $10,000 to help feed the world's starving people, they told him he was being unrealistic and would be lucky to raise $200.

But he and five friends, all fellow students at UC Irvine, refused to eat until they got what they wanted.

Wednesday, when Von Vugt collected the 32,138th dollar since the fast began last Thursday, he hugged the other fasters and congratulated them on reaching their goal in time for Thanksgiving.

"Once they knew we meant business, the people who said we could only make $200 made us a sign to show how much we accumulate," Von Vugt, a 30-year-old graduate student, said between bites of his first meal in a week. "They realized we had conviction and would go through with it to the end."

Several corporations had promised the fasters that once private donations reached $10,000, the companies would add to—and in one case match—the total.

Von Vugt and Allen Affeldt, 24, camped in the school quad as they fasted to draw attention to their fund-raiser, which benefited Oxfam America, a nonprofit international relief agency.

"The first two days were the worst. We had headaches and felt really weak," Affeldt said. "But after that, your metabolism shifts and you don't feel the food loss so strongly." After the first two days, he said, "you're always cold, even during the day. We'd have jackets and three layers of clothes on and we'd still be shivering. But friends could come by and hug us and tell us how good we were doing, and that made us feel better."

The fasters, who included students Jon Hanson, Genny Grisham, Brian Moffat and Dorit Ilani, reached their goal Wednesday afternoon, when Huntington Beach High School students pitched in $700 they raised from classmates.

Anne Reinhart, leader of the club that conducted the high school fund drive, said the group, Doors to New Generations, is "trying to bring back the human interest of the '60s, when people really cared about each other, instead of the economic world of the '80s, when people only worry about how much money they make."

The fasters, who were advised by a doctor to drink apple juice and nutritional drinks after the fifth day of the fast, ate chicken broth with rice Wednesday and said they would increase their food intake that night and today, culminating in Thanksgiving dinner.

After the goal was reached, David Stein, president of Stein-Brief Group, a Laguna Niguel construction and development firm, presented $10,000 from his company and several checks from other Orange County corporations.

"We were concerned about the plight of the Africans, but we didn't know what we could do about it," Stein said. "By supporting these people, we could double the importance of what we did, and it made us feel twice as good."

Other Orange County corporations that contributed are the R.E. Needham and Associates real estate firm ($4,500), Arthur Young accounting firm ($1,000), Bobbie Gee corporate image consultants ($500), Henry Segerstrom of Segerstrom and Sons ($500), and Kerr and Associates public relations and advertising firm ($250).

[From the Daily Pilot, Nov. 23, 1984]

UCI PAIR REMIND US WE OWE DEBT TO LESS FORTUNATE

When you counted your blessings yesterday, perhaps you remembered Allan Affeldt and Johannes Van Vugt. These two have done as much for the spirit of Thanksgiving as the Pilgrims.

Affeldt and Van Vugt, graduate students at UC Irvine, began a fast last week to call attention to the fact that people around the world are starving to death. They asked for monetary donations to be channeled through a relief organization to feed the hungry and vowed not to eat until they had raised $10,000.

The response was heartwarming. As word spread, contributions grew. At least on paper, the goal was reached early this week when the the Stein-Brief Group—a Laguna business—pledged to match whatever amount of money Affeldt and Van Vugt raise. The total when the fast ended Wednesday was more than $30,000.

It is hard to realize, as we eat our fill of turkey and stuffing and pumpkin pie, that thousands of humans are dying of starvation daily in Ethiopia. It is difficult to imagine those people as our brothers and sisters, as our neighbors, as members of the same global community we inhabit.

But committed people like Affeldt and Van Vugt remind us that we are not helpless and we need not be careless. We can do something significant for people who desperately need relief from the ravages of drought or overpopulation or barren soil. We can, simply by donating some money, make a difference. We can, simply by caring about other people, make the world a better place in which to live.

It's easy to forget our ties to the less privileged. It's good to be reminded that we can do something important.

Affeldt and Van Vugt deserve our thanks for reminding us.

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[From the Irvine World News, Jan. 31, 1985]

OC RELIEF FUND RAISES $100,000 FOR ETHIOPIA

The Orange County African Relief Fund has surpassed its goal to raise $100,000 for the starving people of Ethiopia, it was announced by Chris Townsend, spokesman for the relief fund.

"We have topped our goal, but we're not going to let the momentum slow down," said Townsend. "We plan to issue a challenge to the neighboring counties of Los Angeles, Riverside and San Diego to match the total raised by Orange County."

The fundraising campaign culminated in a black-tie dinner at the Hotel Meridien Newport Beach on Jan. 23. Guests attending the dinner donated $2,500 per couple to the relief fund, bringing the current total to $102,807.

State Senator John Garamendi, who recently returned from a tour of Ethiopia, was guest speaker at the dinner. Garamendi discussed how the funds are being put to use, and the impact they have had on the famine-stricken nation.

The dinner was hosted by David Stein, president of the Stein-Brief Group, and his partner Barry Brief.●

## THE WORKMEN'S CIRCLE

● Mr. MOYNIHAN. Mr. President, the Workmen's Circle is an important advocate of Jewish rights and the civil rights of all peoples. Headquartered in New York, this organization celebrates its 85th anniversary this year. Since its inception, the Workmen's Circle has worked to encourage democratic goals and increase public awareness for issues of human freedom.

Among the many well-wishers joining in the Workmen's Circle's 85th anniversary celebration, Gov. Mario M. Cuomo of New York sent a particularly inspiring message, and I ask that the text of Governor Cuomo's letter be printed in the RECORD following my remarks.

STATE OF NEW YORK,
*Albany, July 31, 1985.*

Dr. BARNETT ZUMOFF,
*President, the Workmen's Circle,*
*New York, N.Y.*

DEAR DR. ZUMOFF: It gives me great pleasure to extend greetings to all gathered to celebrate the 85th anniversary of the Workmen's Circle.

The Workmen's Circle has played and continues to play a very prominent role in the American Jewish community. Since its founding in 1900 as a self-help organization, the Circle has been a champion of strengthening democratic institutions and programs seeking to establish an atmosphere of true freedom based on human dignity.

Congratulations on this auspicious occasion, and may you have continued success in all your endeavors.

Sincerely,

MARIO M. CUOMO.●

## THE GATT DISPUTE SETTLEMENT PROCESS

● Mr. WILSON. Mr. President, I wish to have the text of my letter to Kenneth R. Mason, Secretary of the International Trade Commission, printed at an appropriate place in the RECORD.

The information contained within the letter may be useful to my colleagues involved with international trade issues. In addition, my comments are relevant to the "Fair Access to Foreign Markets Act," S. 1370, which I introduced in the Senate on June 27, 1985.

The letter follows:

U.S. SENATE,
COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY,
*Washington, DC, September 26, 1985.*

Hon. KENNETH R. MASON,
*Secretary, International Trade Commission,*
*Washington, DC.*

DEAR SECRETARY MASON: I am writing to you regarding the Section 332 study requested by the Committee on Finance of the U.S. Senate to review the effectiveness of trade dispute settlement under the GATT and Tokyo Round agreements.

I commend the Senate Finance Committee for requesting this important and timely study. As a member of the Senate Committee on Agriculture, Nutrition, and Forestry, I am fully aware of the difficulties involved in dispute settlement procedures under the GATT—in particular our inability to resolve several long-standing Section 301 unfair trade cases.

Throughout the past decade, the European Economic Community has repeatedly rebuffed extensive U.S. efforts to resolve these matters through bilateral consultations and multilateral negotiations, as well as through consultation under the provisions of the GATT.

California's agricultural industry, including producers of canned fruit, raisins and citrus, has long endured financial hardship because of the EEC's unfair trade and subsidy practices and its disregard for the GATT dispute settlement process. Fair restitution under the dispute settlement process of the GATT has also been denied to producers of wheat flour, pasta and poultry.

Investigatory panels, established by the GATT to review separately each of the United States complaints, concluded that EEC subsidies and discriminatory tariffs had nullified and impaired rights of U.S. exporters and were in violation of the GATT. The panels recommended that the EEC take steps necessary to rectify these situations. The EEC has effectively and repeatedly prevented adoption by the GATT of each of these reports, most recently the favorable report involving the fifteen-year old citrus complaint.

The citrus 301 case best illustrates the futility of the GATT dispute settlement process. The GATT investigatory panel took extra care to make pragmatic recommendations to resolve the dispute. In December 1984, the GATT panel found that EEC tariff preferences on fresh oranges and lemons from the Mediterranean region nullify or impair previous U.S. tariff concessions, denying U.S. citrus growers access to a $50 million market and causing adverse trade effects for the U.S. The panel did not, however, find the EEC's preferential arrangements to be a violation of the GATT. To remedy the situation, the panel recommended that the EEC simply reduce the Most-Favored-Nation (MFN) duty it assesses. Nevertheless, the European Community will not accept the citrus panel's findings because if fears that these findings will set a dangerous precedent for continued operation of its preferential tariff system with the Mediterranean countries.

The citrus case remains unresolved. Although a truce has been arranged in the "pasta war" that was precipitated by the EEC's intransigence and retaliatory actions, it still is not clear whether the EEC will come to the negotiating table at the end of October, which is the agreed upon deadline for resolution of the dispute, with an acceptable settlement for American citrus producers.

Another deadline of December 1, which was established by President Reagan in a recent speech, is quickly approaching for resolution of the canned fruit subsidies 301 case. The choice of the canned fruit subsidies case is meant to warn the EEC that the United States will not tolerate further delays in GATT dispute settlements. While this is a commendable stance, it is long overdue. In June of this year, I introduced the "Fair Access to Foreign Markets Act" which would require the President to take all appropriate and feasible action to ensure prompt and satisfactory resolution of all Section 301 complaints currently pending before the GATT. In addition, the bill provides that the U.S. will withdraw additional concessions to counter any EEC retaliatory action and rebalance the level of concessions in U.S.-EEC trade.

If international dispute settlement procedures actually produced solutions, this type of legislation would not be necessary. Until the effectiveness of the dispute settlement process is improved, then, in my opinion, such legislation is essential.

Multilateral cooperation in solving unfair international trade disputes should still be our long-term goal. As a result, the ITC in its study to determine the effectiveness of trade dispute settlement has a timely and realistic opportunity to make recommendations to change and improve the system.

In my opinion, there are two major areas of weakness in the dispute settlement process: the amorphous standards of international trade currently in place and the lack of clarity in the powers and responsibilities of GATT panels.

The first problem is in the Subsidies Code produced in the Tokyo Round of multilateral negotiations. A major problem with the Code is the unclear standards it sets for allowed use of subsidies, particularly for agricultural export subsidies. For agricultural products, the Subsidies code reaffirms provisions of the GATT by saying export subsidies are permitted, but may not be used to gain more than an equitable share of the world export trade or to undercut world prices.

It is the term "equitable share of the world market" that creates problems. Many GATT members—and foremost among them our European competitors—do not agree on what constitutes an equitable share of the market or whether any market share gained through subsidies is necessarily inequitable. When standards are as loosely defined as for agricultural export subsidies in the Code, it becomes unrealistic to expect an offending party to accept dispute settlement findings based on such subjective definitions.

I understand that the GATT Committee on Trade in Agriculture (CTA) is attempt-

ing, rather unsuccessfully, to strengthen and improve GATT agricultural rules as a basis for future efforts to secure trade liberalization. The U.S. proposal for a general prohibition on the use of subsidies—subject to clearly defined and limited exceptions, along with improvements in existing rules—is a commendable, although perhaps unrealistic, position. However, the EEC's desire only to "clarify" existing rules on export subsidies, rather than to rewrite them, does not offer much hope for consensus. Moreover, the EEC has indicated that it is not prepared to give up its rights to subsidize agricultural exports as long as these subsidies do not lead to more than an equitable share of the market for the exporter.

The Subsidies Code could be a useful tool in the dispute settlement process, or in limiting future unfair trade practices, if the problems created by agricultural export subsidies could be overcome. Strengthening the Subsidies Code for agriculture should be a priority in the ITCs's recommendations.

The second major area of weakness in the GATT dispute settlement process involves the purpose of GATT panels, themselves. This fundamental philosophical question underlies any future changes in the GATT dispute settlement process: Is it to be a consultative, conciliatory process or will the Contracting Parties agree to abide by decisions made through arbitration and sanction powers granted to the GATT?

GATT panel procedures are often perceived as ineffective because panelists regard their role more as conciliation than arbitration. A more clearly defined arbitration role, with commensurate powers to impose GATT-sanctioned retaliation or compensation, would begin to make the dispute settlement process more effective. Under the present system, GATT-sanctioned economic pressures are rarely brought to bear in an unfair trade case because the GATT investigatory panel reports setting forth recommended sanctions can be vetoed by any one member of the GATT, including the violating country.

One practical change the ITC could explore involves the procedure by which GATT panel reports are adopted. Rather than strict consensus, perhaps consensus minus the vote of the disputants is a viable option. While the non-voting countries could still attempts to persuade their allies to block adoption of a report, the habitual blocking of panel reports, to which we have become accustomed, would be made more difficult. A voting procedure requiring something less than unanimity should also be explored. I would recommend that the ITC's study and recommendations focus upon and attempt to resolve this problematic area.

I fully realize that a move towards a more definitive role for GATT panels is not universally shared. For example, the EC often contends that the GATT cannot be compared to a court. They argue that it is a contract between ninety separate countries which still retain their national sovereignty. The EC feels GATT panel reports should be taken as a basis for consultation and further negotiaton—"not as decrees from some imaginary world court." Technically, this may not be an incorrect interpretation; however, until participants agree on the purpose and powers of the GATT process, we cannot expect dispute settlement to work.

In addition to these two areas, I would hope that the ITC in making its recommendations will also consider the monetary effects that years of subsidized competition and GATT dispute settlement failures have had on U.S. producers and exporters: citrus producers have lost an estimated $48 million per year due to the EEC's preferential tariffs; canned peach exporters have seen their exports to the EEC dwindle from $6 million in 1981 to $126,000 in 1984; and poultry exports to the Middle East valued at $47 million in 1980 plummeted to less than $340,000 by the end of last year.

The time has come for substantive changes in the international dispute settlement process, not only to make it work for the victims of unfair trade practices, but to give the multilateral approach to resolving differences one more chance before individual nations are left no choice but to deal with unfair trade through unilateral or retaliatory actions.

Sincerely,

PETE WILSON.●

## SUPERFUND IMPROVEMENT ACT OF 1985—S. 51

● Mr. DODD. Mr. President, I rise in strong support of the Superfund Improvement Act of 1985. This legislation, S. 51, embodies the Federal Government's continuing commitment to protect the health of our citizens and the quality of our environment from the dangers posed by thousands of abandoned toxic waste sites throughout the Nation.

In 1980, Congress first enacted the Comprehensive Environmental Response, Compensation, and Liability Act, which later became known as Superfund. This legislation was the product of a long and deliberative process, during which Congress and the Nation as a whole became painfully aware of the great threat which abandoned hazardous waste sites posed to human health and safety. The legacies of Love Canal and Times Beach made us realize that our quality of life could instantly be destroyed by chemical hazards beyond our control.

The 1980 Superfund law authorized a 5-year, $1.6 billion program to clean up releases of hazardous substances, pollutants, and contaminants. The principles of that law were simple and straightforward and from the foundation for the reauthorizing legislation: When those who create waste sites can be found, the Superfund law requires that they pay cleanup costs and accept liability for any environmental damage or human injury caused by the toxic substances. If the responsible party cannot be found or cannot afford to pay, the Superfund itself is used to finance a direct cleanup action by the Environmental Protection Agency [EPA], or by the State in which the site is located.

S. 51 would authorize $7.5 billion for Superfund activities over the next 5 years. This multifold increase in funding is clearly warranted given the extraordinary demands that will be placed on the program in the coming years. EPA's national priority list, which includes only the very worst sites in the Nation, currently exceeds 800 sites and is growing rapidly. According to an EPA study released last December, the NPL will eventually contain between 1,500 and 2,500 sites. This estimate does not include the 20,000 or more sites which pose a less immediate threat to the environment and public health. Of course, the longer those sites go unattended, the more likely they are to be listed on the NPL in the future.

Just as disturbing as the potential number of priority sites is EPA's estimate of the cost of cleaning these sites up. EPA concluded in its recent study that Superfund's future funding needs could range from $7.6 billion to $22.7 billion in fiscal year 1983 dollars. Specifically, EPA estimated that $11.7 billion would be needed to address the 1,800 sites that the Agency anticipates will eventually comprise the NPL. Clearly, this is a far cry from the $1.6 billion which we authorized in 1980.

I am deeply concerned about the six current NPL sites which are located in my home State of Connecticut. While cleanup activities have not been completed at any of these locations, EPA has obligated over $3.3 million for remedial actions in our State thus far. I will continue to closely monitor EPA and State activities at these sites and will do everything in my power to see that cleanup actions move forward as soon as possible. The Connecticut sites include:

| Name | Location | NPL ranking |
|---|---|---|
| Laurel Park | Naugatuck | 80 |
| Old Southington Landfill | Southington | 113 |
| Beacon Heights Landfill | Beacon Falls | 203 |
| Solvents Recovery Service | Southington | 228 |
| Kellogg-Deering Well | Norwalk | 316 |
| Yaworski Waste Lagoon | Canterbury | 374 |

Mr. President, in addition to providing for a fivefold increase in the size of Superfund, S. 51 would establish strict cleanup standards to be applied at all Superfund sites. I was most pleased to see a ground water protection provision included in the bill, which would require EPA to clean up contaminated aquifers and surface water as part of its remedial action at Superfund sites. EPA would also be required to provide household replacement water, as well as drinking water, when contaminated water supplies or water supply systems are replaced by the Agency. This provision is especially important to the State of Connecticut, which has been especially hard hit by ground water contamination problems.

S. 51 also includes new health provisions that would direct and authorize funds for the testing of toxic chemicals most commonly found at Superfund sites. The bill would require that health assessments be done at every site listed on the NPL, and that a more effective program be established for providing information to citizens

about the health ramifications of exposure to nearby Superfund sites.

S. 51 also incorporates a citizen suit provision which would provide citizens with the right to sue in Federal court to enforce Superfund standards and regulations. The bill also strengthens the existing standard of strict, joint, and several liability for those who engage in activities which result in the illegal release of hazardous substances.

With respect to State participation in the Superfund Program, S. 51 would allow a State to spend its own money to conduct early cleanup at a Superfund site, with the assurance that it will be reimbursed by the fund for authorized expenditures. The bill also includes improved notification standards which would require immediate notification of State and local officials in the event of a release of a "reportable quantity" of a hazardous substance. Finally, S. 51 would exempt State and local governments from liability under Superfund in cases where title or control of a site has shifted to them by virtue of abandonment, bankruptcy, tax delinquency, or foreclosure.

One provision which I was disappointed not to see included in S. 51 relates to the problem of leaking underground storage tanks. In Connecticut, leaking underground gasoline tanks are among the primary causes of ground water and soil contamination by toxic substances. Yet, because petroleum products are not classified as hazardous substances under Superfund law, the program cannot be used for remedial actions or to hold responsible parties liable for such leaks. The House Energy and Commerce Committee has addressed this problem in its version of the Superfund bill, and I hope the Senate sponsors of S. 51 will seriously consider the House proposal during the upcoming House-Senate conference on the Superfund reauthorization.

Mr. President, the $7.5 billion authorized in S. 51 would be raised through a unique combination of two taxing mechanisms. A total of $1.5 billion would be raised through an extension of the current feedstock tax on 42 designated petrochemical products. The remaining $6 billion would be raised through a broad-based excise tax on all manufacturers with sales receipts of more than $5 million per year. There would be no excise tax on exported products and manufacturers would be allowed to take a tax credit for the amount by which the excise tax increased the costs of their wholesale purchases.

While, I applaud the members of the Senate Finance Committee for their valiant effort to devise a fair means of raising Superfund revenue, I feel compelled to express my opposition to the very concept of a broad-based excise tax. I believe that the excise tax is regressive by its very nature and would more than likely be passed along to consumers in the form of higher prices for manufactured goods. For this reason, when S. 51 is considered in the House-Senate conference, I hope the Senate sponsors of the excise tax will take a long, hard look at alternative financing mechanisms.

Mr. President, I urge my colleagues to lend their full support to the Superfund Improvement Act of 1985. It is time to move faster, to rid our environment of the wastes that are poisoning our land and water, and threatening our citizens. Passage of S. 51 would be one of the most effective steps we could take to protect ourselves, our environment, and future generations from the specter of toxic contamination.

Former U.N. Secretary-General Kurt Waldheim once wrote:

> Many civilizations in history have collapsed at the very height of their achievement because they were unable to analyze their basic problems, to change direction, and to adjust to the new situations which faced them.

We in Congress have analyzed the basic problem, and now we have a chance to change direction. I hope we will not allow this opportunity to pass us by.●

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## THE RETIREMENT OF GENERAL VESSEY FROM THE JOINT CHIEFS OF STAFF

● Mr. BOSCHWITZ. Mr. President, I stand before you today to honor a man who has served our country for the past 46 years. Gen. John W. Vessey, Jr., retires today as Chairman of the Joint Chiefs of Staff with a distinguished record of service to the U.S. Armed Services.

General Vessey joined the Minnesota National Guard in 1939 at the age of 16. He was called to active duty 2 years later and was a member of one of the first Infantry Divisions to go overseas. Vessey fought through the entire length of the campaign and it was there that he began to establish not only his military courage, but also his leadership. He went from enlisted man and GI to officer and gentleman in World War II and was commissioned on the Anzio beachhead in Italy on May 6, 1944.

Vessey also distinguished himself in Vietnam with his efforts at the Battle of Suoi Tre in 1967, where his battalion was attacked by five North Vietnamese battalions. Vessey won the Distinguished Service Cross, the highest award for battlefield valor behind the Congressional Medal of Honor. Vessey also won the Distinguished Service Medal while on assignment in Southeast Asia directing anti-Communist tribes in Laos.

After valiant service on the battlefield, Vessey continued his noteworthy career in the military. As a brigadier general, he assumed top staff positions in Washington and the United Nations, as well as commanding a division in Colorado and all forces in South Korea.

Vessey exemplified outstanding service not only in his rise to Chairman, but also in his method of achieving that goal. He has more field experience than all of the nine previous Chairmen combined and is the only Chairman to have won a battlefield commission. He was not a career officer, nor was he a graduate of West Point. In essence, Vessey rose from the lower ranks to that of Chairman of the Joint Chiefs of Staff using the finest of military qualities.

General Vessey is also perhaps the most important military figure in his home State of Minnesota. Since his start in the Minnesota National Guard, Vessey has exemplified to all Americans the strong, trustworthy and kind people of the Midwest, and continues to do so through his close ties with the National Guard in Minnesota.

Just as General Vessey's time on the battlefield has been outstanding, so, too, has his work as Chairman of the Joint Chiefs of Staff. Vessey has reportedly worked more closely with the President than in administrations past and has undertaken the task of making the chairmanship a more powerful position.

Vessey, for all his accomplishments, has generally remained out of the public eye and away from notoriety, and such an occurrence is by choice rather than circumstance. His legacy has been one of silent, powerful leadership, and its effectiveness can be judged by the regard in which he is held by his colleagues. His retirement is the commencement not only of an outstanding military career, but also of a leadership force on the Joint Chiefs of Staff. General Vessey has served in the Armed Forces with pride and dignity, and has also commanded the 2.1 million men and women in the armed services with the same exemplary form. His retirement today is the culmination of a superb career, the effect of which cannot and should not soon be forgotten.

I would also like to insert in the RECORD the following article, "Vessey topping off long climb," written by Dane Smith, a reporter with the St. Paul Pioneer Press/Dispatch.

The article follows:

### VESSEY TOPPING OFF LONG CLIMB

(By Dane Smith)

WASHINGTON.—When 16-year-old Jack Vessey fudged on his age and signed up with the Minnesota National Guard in 1939, he was thinking of little more than high leather boots, motorcycles and the camaraderie of weekend warring close to home.

"It wasn't any great idealistic thing," he told the New York Times last year.

He could not have dreamed of being mustered out 48 years later as the highest-ranked officer in the United States' armed forces, a four-star general in command of more than 2.1 million men and women in uniform.

John W. Vessey Jr. will end his term as chairman of the Joint Chiefs of Staff on Sept. 30 and retire to his lake home near Brainerd. He probably is the most significant military figure in Minnesota history, a state better known for producing politicians and hockey players.

Combat heroism in two wars is the lesser part of Vessey's legacy. He won a battlefield commission at Anzio in World War II and at the age of 45 earned the nation's second-highest award for valor after a blazing firefight in Vietnam.

More important, Vessey has been one of President Reagan's closest advisers during what generally is considered the largest peacetime military buildup in U.S. history.

Presidents traditionally take military advice from a half-dozen sources, and the service chiefs' influence doesn't always rate high. In Vessey's first year, the chiefs reportedly met with the president more times than in the three previous administrations.

Moreover, Vessey has taken the first steps toward reshaping the chairmanship into a more powerful position. Pentagon planners and some congressional leaders for years have suggested transforming the chairmanship from a present role as a spokesman for an advisory committee into a full-time field marshal. That would relieve the Secretary of Defense from day-to-day command, allowing him to address growing problems with cost overruns and other problems with the business end of the military-industrial complex.

Despite Vessey's clout, he has managed to avoid the public eye like few other chairmen since the joint-chief system was established after World War II. He has not granted media interviews in the last few months, and his staff declined repeated requests for sessions with the Pioneer Press and Dispatch.

HE'S MINNESOTA GOTHIC

Vessey is the antithesis of the colorful and vainglorious American warrior as typified by such legendary figures as Gens. George Armstrong Custer, Douglas MacArthur and George S. Patton.

Those who know Vessey paint him in Minnesota Gothic driven by the work ethic and strong on integrity and piety. Although he has a sense of humor, he is said to possess the stereotypical Minnesotan's reluctance to get worked up over anything or draw attention to himself.

"I have risen to a rank that is far higher than any I ever expected or hoped to achieve," Vessey said at his Senate confirmation hearing in 1982 giving credit to "some of the best people in the world working for me."

He's from that good Midwestern stock of trustworthy, all-there people, said Kermit Johnson, a friend and former chief of Army-chaplains Johnson offered the following string of adjectives about his friend. "Low-key, unflappable, sane, solid, plain-speaking, no-nonsense, good-spirited, and kind, but not in a flabby way."

Since Johnson left the Army, he has joined the anti-nuclear weapons cause, putting him at odds with Vessey and the Pentagon's traditional demand for new and more powerful nuclear armaments.

"But if I was asked whose finger I wanted on the buttom." Johnson added, it would be his. He is a hard-liner but in a sensible sort of way. . . . He gives me much more confidence than any of the political appointees in this administration."

RESTRAINT VOICED

Notwithstanding the invasion of Grenada and the increased presence of U.S. forces in Central America, the joint chiefs under Vessey often have been a voice for restraint.

They argued against deployment of Marines in Lebanon, it is said. The five chiefs (Army, Navy, Air Force, Marines and the chairman) in a split decision recommended against deployment of the "densepack" MX missile system. Some conservatives even have complained that Vessey doesn't stump hard enough for Reagan's defense agenda.

All that aside, this chairman is hardly a dove. Vessey looks at the Russian bear from Reagan's angle.

"We talk about the U.S. Army building up to 28 divisions," Vessey said two months ago at a Military Appreciation Day ceremony in Fairbanks, Alaska. "The Soviets have close to 200 divisions (2½ times as many regulars and 10 times the reserves). They're armed to the teeth . . .

"We don't want a nuclear war; we don't want a conventional war. But we also don't want to be paralyzed by the fear of war as we go about our business in this world of nation-states . . .

"We have a strategy that's called deterrence. That's a fancy Washington word that means, 'If you pick a fight with us, we're going to clean your clock.' "

Vessey's compatibility with Reagan is to be expected. Both come from small-town, Anglo-Irish, lower middle-class, Midwestern stock. Their world view is not terribly complicated and their style of leadership also is similar. Vessey is known for wearing a fraction of the medals he has won and taking public transportation instead of the block-long limousine to which he is entitled.

NO STUFFED SHIRT

"He's the kind of soldier that troops look up to, not a stuffed shirt," said Maj. Gen. James G. Sieben, Minnesota's adjutant general and head of the state National Guard. (Vessey keeps in close touch with the state guard and he "sells Minnesota everyday," Sieben said. Vessey recently brought two Israeli generals to his place for a fishing trip.)

"He's not a formal type. He knows when to be personal and when to be all business. Some people can get that across without lording it over or reminding you of their authority. He was born that way."

Vessey's parents lived in Lakeville when he was born in a Minneapolis hospital on June 29, 1922. He was the oldest of seven children; one sister still lives in Minneapolis. His father, a World War I veteran who died when Jack Jr. was 19, was an agent for the old Minneapolis, Northfield and Southern Railway, popularly known as the Dan Patch short line.

The Vesseys, of Scotch and English descent, were among the original settlers in Bloomington. They homesteaded near the present Minnesota Masonic Home on Normandale Boulevard, according to his mother, the former Katherine Roche, who now lives in the Walker Methodist Residence in Minneapolis. The Roches were among the first Irish immigrants to St. Paul in the mid-1800s, and her father was the postmaster in Lakeville.

Asked if anything foreshadowed Jack Jr.'s career, the elder Mrs. Vessey said, "I'm afraid not . . . He was very active in Boy Scouts, he liked to play ball, belonged to church, he was very active in church and still is."

She said she used to threaten to use a pitchfork "to get him started" He began to show signs of leadership in high school, and was elected president of the student council and was captain of his swim team. Even now, at 63, Vessey, trim and about 5-foot-10, is considered a topnotch handball player.

The Vessey family moved to Minneapolis when Jack was in his early teens, and he met his future wife, Avis Funk, when they were juniors at Roosevelt High School.

Avis Vessey, who never lost her affection for Minnesota and who has been more or less waiting by the lake through much of the chairmanship, said she is "absolutely amazed" at the rank her husband reached.

"We certainly didn't set out to do it, but the challenges kept coming and there he is," she said, "Still I'm no prouder of him now than I was the day I met him."

Partly to earn money during the Depression and partly inspired by friends who had fought against the fascist government in the Spanish Civil War, he has said in previous interviews, Jack Jr. joined the National Guard just before his 17th birthday. Almost two years later with Pearl Harbor still 10 months away, Vassey was called to active duty.

His 34th Infantry Division was the first to go overseas. Vessey fought through the length of the campaign, as the Allies pushed German and Italian troops out of North Africa, across the Mediterranean, up the Italian boot and all the way to the Swiss Alps. He didn't come home until the war in Europe ended.

BATTLEFIELD COMMISSION

At a momentous point in the campaign, Vassey jumped from enlisted man and G.I. to officer and gentleman, a class normally divided by college education. When bodies began to pile up, however, the line often was crossed by savvy young enlisted men.

Until Vessey, all other Army chairmen were not only career officers, they all had graduated from West Point. Vessey was the first to have won a battlefield commission. None of the other nine chairman have had more field experience, according to the Armed Forces Journal.

At Vessey's confirmation hearing, Sen. Barry Goldwater, R-Ariz., said, "I don't think I have ever know a four-star officer who came up from the bottom . . . The man has to be the best to achieve that."

Vessey and two other enlisted men were commissioned on the infamously bloody Anzio beachhead in Italy on May 6, 1944. But the price of the new status was front-line exposure as a forward observer for the infantry, instead of the relative safety of his former artillery unit toward the rear. A few days after the commissioning, one of the newly promoted men was dead and the other was seriously wounded.

Jack and Avis, who corresponded regularly during the war, were married shortly after his return, 40 years ago this month. They have three children: John III, 36, a foreign service officer and father of their two grandchildren; Sarah, 31, who lives in Albuquerque and will marry in August; and David, 28, an Army warrant officer.

DEVOUT LUTHERAN

After the war, Vessey nearly left the service to become a minister. He is a devout Lutheran who two years ago impressed a Washington prayer-breakfast crowd with an evangelistic appeal to "Be all that you can

be—in God's Army. Enlist or re-enlist today."

Reconciling Christianity and his job in an interview with the Armed Forces Journal in 1983, Vessey said: "I believe it is immoral not to try to get sensible defenses for the nation. . . . The first part of (the military objective) is to be so self-evidently so good that this country won't have to fight."

At age 41, Vessey's career began to take off. He earned a bachelors' degree from the University of Maryland in 1963, and a master's degree from George Washington University two years later.

SERVICE IN VIETNAM

Then came Vietnam, a decade of failure and frustration for the American military. Vessey distinguished himself, however, with a desperate effort at the Battle of Suoi Tre in 1967, where the battalion under his command was attacked by five battalions of North Vietnamese regulars. At one desperate juncture, Vessey and a sergeant major were forced to use a long-range artillery piece at point-blank range, firing into onrushing attackers.

Vessey was wounded, not seriously, and won the Distinguished Service Cross, which ranks only behind the Congressional Medal of Honor as a measure of battlefield valor.

On another assignment in southeast Asia, directing anti-Communist tribes in Laos, Vessey won the highest non-combat award, the Distinguished Service Medal. In between, approaching the age of 50, he learned to fly helicopters.

Vessey is "shy, almost to the point of being apologetic," about his combat record, according to his press spokesman, Lt. Col. H.E. Robertson. The office does not keep detailed information on any of his exploits.

Vessey rose rapidly after reaching brigadier (one-star) general, assuming top staff positions in Washington and in the United Nations organization, commanding a division in Colorado and becoming commander of all forces in South Korea.

NO YES-MAN

Although Vessey has a reputation as a team player, insiders say his record during those years proves he was not a "yes-man." One former colleague, who asked for anonymity, said Vessey was passed over for consistently complaining that not enough attention was being paid to long-range planning.

And in Korea, Vessey quietly but effectively resisted President Jimmy Carter's efforts to remove American forces in 1978. Another general under Vessey, John K. Singlaub, was fired for openly criticizing that plan.

Vessey may have paid for that opposition when Carter picked one of his young assistants, Maj. Gen. Edward C. Meyer, to be Army Chief of Staff. No matter. Meyer was so loyal to Vessey that he brought his former boss with him as a top assistant. Meyer's influence is said to have been crucial when Reagan was interviewing candidates for chairman in 1982.

Although widely respected as a person, Vessey as chairman does not receive unqualified praise.

Retired Adm. Eugene Carroll, said he fears Vessey, who knows the face of war first-hand, may be the last of his kind.

The armed forces are becoming "less and less a warrior-led establishment," said Carroll, now deputy director of the Center for Defense Information. "They're looking for managerial skills, an ability to produce winners in the budget process . . . masters of the Washington scene." (The man picked to replace Vessey, Adm. William Crowe Jr., is an erudite Annapolis graduate who also holds degrees from Stanford and Princeton.)

To address problems like those, Congress may be closer than ever before to reorganizing the joint chiefs.

In a recent House Armed Forces Investigations Subcommittee hearing, Rep. Ike Skelton, D-Mo., faulted the system of joint chiefs over the years for "watered-down, common-denominator advice," hesitation to "step on each others' toes" and outright waste. House Armed Forces Committee Chairman Les Aspin, D-Wis., has called the chairman "a eunuch."

STRONGER CHAIRMAN

Others fear a loss of civilian control under a "German-style, Prussian command," even though it has been adopted by many of the largest western democracies. Skeptics also point out that one rationale offered for such a system is it would work better in war, leading one to wonder what's around the corner. Thomas D. Bell Jr., president of the Hudson Institute, wrote recently that increased clout for the chairman would reduce alternatives for strategies and weapons systems.

Vessey is known to lean toward a stronger chairman, yet ironically, his performance may have worked against change.

Officials these days are "prone to brag" that the joint chiefs are functioning better than ever, said Theodore Crackel, author of a defense assessment contained in a Heritage Foundation study.

But "those same officials admit the chemistry is largely a function of the personality of the current chairman, General John W. Vessey Jr." Crackel said that chemistry "was created by chance rather than design and has occurred only once in the nearly 40-year history of the JCS."

## INVOCATION TO THE ANNUAL CONFERENCE OF THE NATIONAL ASSOCIATION OF TOWNS AND TOWNSHIPS

● Mr. DODD. Mr. President, on Wednesday, September 4, the National Association of Towns and Townships held its annual conference here in Washington. The NATAT is a nonprofit organization which offers technical assistance, educational services, and public policy support to local government officials. The conference consisted of a series of meetings and workshops on such issues as hazardous waste disposal, revenue sharing and community development, and ground water contamination.

I am proud to bring to the attention of my colleagues the invocation to the conference, delivered by Dave Russell, first selectman of the town of Granby, CT. The sincerity and conviction of this speech serves as a vivid illustration of the hard work and deep commitment of American's local leaders. It is my sincere wish that we, as national leaders, may reflect upon these words as we strive to do that which is just and good for America. I ask that this invocation be entered into the RECORD:

The invocation follows:

Holy Father, we thank you for our creation, preservation and all the blessings of this life, and for our safe arrival at this conference.

Guide us with thy spirit in these next few days to learn and to expand our horizons in our chosen field: Public service. Let us return home and use our God-given gifts of: Intelligence—to make right decisions; wisdom—to make just decisions; and compassion—to make loving decisions. Lead us to continue to treat people as we would have ourselves treated.

In thy name we pray. Amen.●

## ADVANCE NOTIFICATION OF PROPOSED ARMS SALES

● Mr. LUGAR. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $50 million or, in the case of major defense equipment as defined in the act, those in excess of $14 million. Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be reviewed. The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that two such notifications have been received.

Interested Senators may inquire as to the details of these advance notifications at the office of the Committee on Foreign Relations, room SD-423.

The notifications follow:

DEFENSE SECURITY ASSISTANCE AGENCY,
*Washington, DC, September 27, 1985.*

Dr. M. GRAEME BANNERMAN,
*Deputy Staff Director, Committee on Foreign Relations, U.S. Senate, Washington, DC.*

DEAR DR. BANNERMAN: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Middle Eastern country tentatively estimated to cost $50 million or more.

Sincerely,

PHILIP C. GAST,
*Director.*

POLICY JUSTIFICATION

[Deleted.]
[Deleted.]
[Deleted.]
[Deleted.]
[Deleted.]

The prime contractors are: F-20 aircraft—Northrop Corporation of Hawthorne, Cali-

fornia; F-16 aircraft—General Dynamics Corporation of Fort Worth, Texas; and AIM-9P4 missile—Ford Aerospace and Communications Corporation of Newport Beach, California.

[Deleted.]

There will be no adverse impact on U.S. defense readiness as a result of this sale.

POLICY JUSTIFICATION

[Deleted.]

[Deleted.]

[Deleted.]

The prime contractor for the I-HAWK systems will be the Raytheon Company of West Andover, Massachusetts. The prime contractor for the STINGER missile systems will be the General Dynamics Corporation of Pomona, California.

[Deleted.]

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY ASSISTANCE AGENCY,
*Washington, DC, September 27, 1985.*

Dr. M. GRAEME BANNERMAN,
*Deputy Staff Director, Committee on Foreign Relations, U.S. Senate, Washington, DC.*

DEAR DR. BANNERMAN: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification related to air defense, which will be forwarded under a single transmittal.

The Department of State is considering an offer to a Middle Eastern country tentatively estimated to cost $50 million or more.

Sincerely,

PHILIP C. GAST,
*Director.*

[Transmittal No. 85-CQ]

ADVANCE NOTIFICATION OF POSSIBLE SECTION 36(b) STATEMENTS—FOREIGN MILITARY SALES

a. Prospective Purchaser: [Deleted.]

b. Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: [Deleted.]

c. Estimated Value(s) of this Case: [Deleted.]

d. Description of Total Program of which this Case is a Part: [Deleted.]

e. Estimated Value of Total Program of which this Case is a Part: [Deleted.]

f. Prior Related Cases, if any: None.

g. Military Department: [Deleted.]

h. Estimated Date Letter of Offer/Acceptance [LOA] Ready for Formal Notification to Congress: [Deleted.]

i. Date Advance Notification Delivered to Congress: [Deleted.]

POLICY JUSTIFICATION

[Deleted.]

[Deleted.]

[Deleted.]

[Deleted.]

The prime contractor will be the FMC Corporation of San Jose, California.

[Deleted.]

There will be no adverse impact on U.S. defense readiness as a result of this sale.●

## THE ANSWER PEOPLE OF CAPITOL HILL

● Mr. MOYNIHAN. Mr. President, every Member of the Senate benefits from the great resources of the Library of Congress and from the speedy and able assistance given us daily by the Congressional Research Service. I was particularly pleased to read in this morning's New York Times an article about Lynne Kennedy, a native New Yorker and a librarian at CRS who has helped me and my staff on countless occasions. Ms. Kennedy is a master of the library's resources, and she commands considerable and impressive knowledge of many disparate subjects in her own right. If Ms. Kennedy does not know the answer to one's query, she knows where to find it, and fast.

Mr. President, I commend Lynne Kennedy for her great ability and true professionalism, and I ask that today's article, "The Answer People of Capitol Hill" from the New York Times be printed in the RECORD.

The article follows:

[From the New York Times, Oct. 1, 1985]

THE ANSWER PEOPLE OF CAPITOL HILL

(By Francis X. Clines)

WASHINGTON, Sept. 30.—In memoriam for Harvey Baugh, there are a few weeping filbert trees growing outside the Library of Congress, plaintive and firm-rooted as the curiosity of the lamented reference librarian who long served the capital's most demanding readership, its lawmakers.

Colleagues say Mr. Baugh was the sort of dedicated ferret who could track a quotation in the battle-speed time demanded by a politician caught in mid-debate on the floor, finding just where in "Apology" Socrates wrote: "I was really too honest a man to be a politician and live."

That fact and all such things verified and savored he left to the legion of librarians who survive him in the toil of one of the most searching and painstaking institutions, the reference division in the library's Congessional Research Service. This is a vintner-like operation that produces private-stock information, a resource closed to the public and dedicated to satisfying the more instant curiosities of Congress.

These librarians, backed up by the Research Service's cadre of expert analyst teams, deal with more than a quarter million requests a year various submitted in person and by computer hookups extending to the lawmakers' offices back home. They must be quick in searching our basic information by the scrap and by the tome and in nosing out ephemera, too.

"A senator is going to the opera and suddenly wants to know the story line of the opera before he goes," said Lynne Kennedy, the reference librarian stationed in a four-room office across from the airline ticket store in the busy pedestrian catacombs under the Senate office buildings. "I get it for him. Or he's going to have some people over for dinner and quietly needs to know who they are. We can get quick bio's ready."

Or, for that matter, a lawmaker wonders how many sorts of special medical care might be provided to the elderly, a short enough question that took three analysts six months for proper research before the answer was ready. That was handled not by Miss Kennedy, whose reference office is closer to the Senatorial trenches, but by one of the specialist teams back in the library's Research Service offices, where most of the service's 858 workers and $39 million in annual budget are applied in a busy admixture of scholarship and journalism.

Miss Kennedy's place is just off the subterranean main street of services where Capitol staff workers go to eat, shop, talk and wander for relief from the routine of paperwork and pleading constituents. Her place is quiet the way public libraries used to be. Senatorial workers stop in or phone with requests at the rate of 200 a day, and a few use the back room for sanctuary.

Some read newspapers or dip into the small shelves of fiction and travel books she keeps as a civilizing touch beyond the yards and yards of reference books that allow rapid access to the stuff of Government and politics: Lobbyist lists by the gaggle, judicial landmarks and glossaries by the wallful, and all sorts of shrewdly designed eddies of information, in computer glyphs and paper print, tagged with such quick-fetch labels as "hot" ideas and "bucket" categories.

It is no accident, this terminology of short-order cookery at Miss Kennedy's place. Just inside the doorway, there are crowded racks of thick "Info Packet" answers to the 100 or so most current questions, all packaged and ready like fast-food produce in yellow and blue folders. Yellow folders, the more prevalent, cover pure issues. The blue-overed packets are more related to the career curiosities of the Senate's ambitious staff workers: how to write résumés and look for grants and new Federal jobs, for example.

These racks can shift suddenly, with the expert researchers backstage set to a two-hour recomposition deadline by an assassination, or to an overnight update in response to the latest panic about AIDS.

Clear-eyed and careful, Miss Kennedy's summary sounds impossible: "We have to know something about anything that might come up." And preferably know it yesterday, not later today. "A senator's staffers are always in a crisis situation," she said with empathy.

For all the relentless curiosity, one restriction at Miss Kennedy's place is that the biographical material or voting record of one member of Congress cannot be looked into by another.

Only direct advance approval or death makes this information accessible. This bars inside campaign research on how to turn an In into an Out, and Miss Kennedy and the other librarians keep these files under watch to preserve the Research Service's nonpartisanship.

Freeloaders from outside organizations also have to be discouraged. Beyond their shelves and computer terminals, the librarians have such an array of quick expertise at hand—four short-order research "teams" already up to speed on more than 220 current topics—that they are like leading commodity brokers in a town whose main business is information. Thus the public can only get access by persuading a lawmaker to submit a query, and most lawmakers seem to realize it would be self-defeating to flood their private information line with constituents pleading for Johnny's term paper.

In various ways, through Congressional reports and occasional catalogues, for example, the Research Service does take care to see that sooner or later much of its seven decades of gleanings are available to the public.

Thus the special gift of the late Harvey Baugh in tracking quotations will be further memorialized next year when the Library of Congress plans to publish in book form his years of collected quotations. They presently fill two file drawers in a back room at Miss Kennedy's place.●

## UNITED STATES-SOVIET RELATIONS

● Mr. SIMON. Mr. President, in the September 9 issue of Time magazine, Mikhail Gorbachev gave an important and fascinating interview on the subject of United States-Soviet relations and the upcoming summit. In this interview, the new Soviet leader dicusses SDI, war and peace, the Soviet economy, technology transfer, and relations between the party and the people.

In the past few days, Secretary Shultz and Foreign Minister Shevarnadze addressed the U.N. General Assembly. They each laid out their views on United States-Soviet relations, and they each focused on the role of SDI as a pivotal element in future United States-Soviet relations. In their own way, each was laying the groundwork for the November Reagan-Gorbachev summit. Mr. Gorbachev's interview also sought to influence the outcome of the summit, and as such deserves a careful reading on the part of Congress and the administration.

When I read the interview, it was clear to me that major differences will remain between our two countries. It was also clear that a number of Mr. Gorbachev's statements have to be taken with a grain of salt, and there were some that I found difficult to credit at all. Nonetheless, there is also no doubt that most of the General Secretary's statements reflect genuine Soviet attitudes, and that many of these attitudes are deeply held across a wide spectrum of Soviet opinion.

As such, the interview must be studied and debated by American policymakers. Interviews of this sort, at the very top of the Soviet system, do not come along every day. We will all have a clearer idea of Mr. Gorbachev's thinking—or, equally important, what Mr. Gorbachev wants the American people to read about him and his views—and we will all be better off for having digested his ideas and opinions.

Mr. President, I ask Mr. Gorbachev's Time magazine interview be printed in the RECORD.

The material follows:

[From Time, Sept. 9, 1985]

INTERVIEW

Q. How would you characterize U.S.-Soviet relations at this juncture, and what are the primary events that are defining that relationship?

A. Had you asked me this question some two months ago, I would have said that the situation in our relations was becoming somewhat better and that some hopes of positive shifts were appearing. To my deep regret, I could not say that today.

The truth should be faced squarely. Despite the negotiations that have begun in Geneva and the agreement to hold a summit meeting, relations between our two countries are continuing to deteriorate, the arms race is intensifying, and the war threat is not subsiding. What is the matter? Why is all this happening? My colleagues and I are quite exacting and self-critical when it comes to our own activities not only in this country but also outside of it, and we are asking ourselves again and again if [the decline in relations] is somehow connected with our actions. But what is there that we can reproach ourselves with in this context? In this critical situation Moscow is trying to practice restraint in its pronouncements about the U.S.; it is not resorting to anti-American campaigns, nor is it fomenting hatred for your country. We believe it very important that even in times of political aggravation the feeling of traditional respect harbored by the Soviet people for the American people should not be injured, and as far as I can judge, that feeling is largely a mutual one.

And is it bad that when the disarmament negotiations have resumed and preparations are under way for a first summit meeting in six years, we are persistently seeking ways to break the vicious circle and bring the process of arms limitation out of the dead end? That is precisely the objective of our moratorium on nuclear explosions and of our proposal to the U.S. to join it and to resume the negotiations on a complete ban on nuclear tests as well as of the proposals regarding peaceful cooperation and the prevention of an arms race in space. We are convinced that we should look for a way out of the current difficult situation together.

It is hard therefore to understand why our proposals have provoked such outspoken displeasure on the part of responsible U.S. statesmen. Attempts have been made to portray them as nothing but pure propaganda. Anyone even slightly familiar with the matter would easily see that behind our proposals there are most serious intentions and not just an attempt to influence public opinion. All real efforts to limit nuclear weapons began with a ban on tests—just recall the 1963 treaty that was a first major step in that direction. A complete end to nuclear tests would halt the nuclear arms race in the most dangerous area, that of qualitative improvement, and it would also seriously contribute to maintaining and strengthening the nonproliferation of nuclear weapons.

If all that we are doing is indeed viewed as mere propaganda, why not respond to it according to the principle of "an eye for an eye, and a tooth for a tooth"? We have stopped nuclear explosions. Then you Americans could take revenge by doing likewise. You could deal us yet another propaganda blow, say, by suspending the development of one of your new strategic missiles. And we would respond with the same kind of "propaganda." And so on and so forth. Would anyone be harmed by competion in such "propaganda"? Of course, it could not be a substitute for a comprehensive arms-limitation agreement, but it would be a significant step leading to such an agreement.

The U.S. Administration has regrettably taken a different road. In response to our moratorium, it defiantly hastened to set off yet another nuclear explosion, as if to spite everyone. And to our proposals concerning a peaceful space, it responded with a decision to conduct a first operational test of an anti-satellite weapon. As if that were not enough, it has also launched another "campaign of hatred" against the U.S.S.R.

What kind of impression does all this make? On the one hand, that of some kind of confusion and uncertainty in Washington. The only way I can explain this is anxiety lest our initiatives should wreck the version of the Soviet Union being the "focus of evil" and the source of universal danger, which in fact underlies the entire arms race policy. On the other hand, there is an impression of a shortage of responsibility for the destinies of the world. And this, frankly speaking, gives rise again and again to the question whether it is at all possible in such an atmosphere to conduct business in a normal way and to build rational relations between countries.

You asked me what is the primary thing that defines Soviet-American relations. I think it is the immutable fact that whether we like one another or not, we can either survive or perish only together. The principal question that we must answer is whether we are at last ready to recognize that there is no other way to live at peace with each other and whether we are prepared to switch our mentality and our mode of acting from a warlike to a peaceful track. As you say, live and let live. We call it peaceful coexistence. As for the Soviet Union, we answer that question in the affirmative.

Q. What do you think will be the results of your Geneva meeting with President Reagan in November? What specific actions should the U.S. and the Soviet Union take to improve relations?

A. Its outcome, after all, will depend to a great extent upon what is taking place now. Everyone would probably agree that the political atmosphere for talks takes shape well in advance. Neither the President nor I will be able to ignore the mood in our respective countries or that of our allies. In other words, actions today largely determine the "scenario" for our November discussions.

I will not hide from you my disappointment and concern about what is happening now. We cannot but be troubled by the approach that, as I see it, has begun to emerge in Washington. That is a scenario of pressure, of attempts to drive us into a corner, to ascribe to us, as so many times in the past, every mortal sin—from unleashing an arms race to "aggression" in the Middle East, from violations of human rights to some scheming or other even in South Africa. This is not a state policy, it is a feverish search for "forces of evil."

We are prepared to have a meaningful and businesslike talk. We can also present claims: we have something to say about the U.S. being responsible for the nuclear arms race, and about its conduct in various regions of the world, and support to those who in effect engage in terrorism, and about violations of human rights in America itself, as well as in many countries close to it. But here is what I am thinking about: Is it worthwhile for the sake of that to set up a summit meeting? Abusive words are no help in a good cause.

But there is every indication that the other side is now preparing for something quite different. It looks as if the stage is being set for a bout between some kind of political "supergladiators" with the only thought in mind being how best to deal a deft blow at the opponent and score an extra point in this "bout." What is striking about this is both the form and the content of some statements. The recent "lecture" of

Mr. [Robert] McFarlane [the President's National Security Adviser] is a case in point. It contains not only the full "set of accusations" we are going to be charged with in Geneva but also what I would call a very specific interpretation of the upcoming negotiations. It appears that even the slightest headway depends exclusively upon concessions by the Soviet Union, concessions on all questions—on armaments, on regional problems and even on our own domestic affairs.

If all this is meant seriously, then manifestly Washington is preparing not for the event we have agreed upon. The summit meeting is designed for negotiations, for negotiations on the basis of equality and not for signing an act of someone's capitulation. This is all the more true since we have not lost a war to the U.S., or even a battle, and we owe it absolutely nothing. Nor for that matter, does the U.S. owe us.

But if the bellicose outcries are not meant seriously, then they are all the more inappropriate. Why flex muscles needlessly? Why stage noisy shows and transfer the methods of domestic political struggles to the relations between two nuclear powers? In them the language of strength is useless and dangerous. There is still time before the summit meeting, and quite a lot can be done for it to be constructive and useful. But this, as you will understand, depends on both sides.

Q. What is your view of the Strategic Defense Initiative [Star Wars] research program in the context of U.S.-Soviet relations?

A. We cannot take in earnest the assertions that the SDI would guarantee invulnerability from nuclear weapons, thus leading to the elimination of nuclear weapons. In the opinion of our experts (and, to my knowledge, of many of yours), this is sheer fantasy. However, even on a much more modest scale, in which the Strategic Defense Initiative can be implemented as an antimissile defense system of limited capabilities, the SDI is very dangerous. This project will, no doubt, whip up the arms race in all areas, which means that the threat of war will increase. That is why this project is bad for us and for you and for everybody in general.

From the same point of view we approach what is called the SDI research program. First of all, we do not consider it to be a research program. In our view, it is the first stage of the project to develop a new ABM system prohibited under the treaty of 1972. Just think of the scale of it alone—$70 billion to be earmarked for the next few years. That is an incredible amount for pure research, as emphasized even by U.S. scientists as well. The point is that in today's prices those appropriations are more than four times the cost of the Manhattan Project [the program for development of the atom bomb] and more than double the cost of the Apollo program that provided for the development of space research for a whole decade—up to the landing of man on the moon. That this is far from being a pure research program is also confirmed by other facts, including tests scheduled for space strike weapons systems.

That is why the entire SDI program and its so-called research component are a new and even more dangerous round of the arms race. It is necessary to prevent an arms race in space. We are confident that such an agreement is possible and verifiable. (I have to point out that we trust the Americans no more than they trust us, and that is why we are interested in reliable verification of any agreement as much as they are.)

Without such an agreement it will not be possible to reach an agreement on the limitation and reduction of nuclear weapons either. The interrelationship between defensive and offensive arms is so obvious as to require no proof. Thus, if the present U.S. position on space weapons is its last word, the Geneva negotiations will lose all sense.

Q. You have taken several steps to improve the Soviet economy. What further steps do you propose to take? What are the main problems of the Soviet economy?

A. It is often asserted in the West that it would take the U.S.S.R. 50 to 100 years to restore all that had been destroyed as a result of the fascist invasion. Having restored their national economy in the shortest possible time, the Soviet people did what would have seemed the impossible. But the fact remains that after the Revolution we were forced to spend almost two decades, if not more, on wars and reconstruction. Under those arduous conditions, using our system's potential, we have succeeded in making the Soviet Union a major world power. This has attested to the strength and the immense capabilities of socialism.

There are also difficulties of a different nature due to our own shortcomings and deficiencies. We make no secret of this. Sometimes we do not work well enough. We have not yet learned proper managerial skills as is required by a modern economy. The imperativeness of our time is to decisively improve the state of things. Hence the concept of accelerated social and economic development. Today it is our most important, top-priority task. We are planning to make better use of capital investments, to give priority to the development of such major industries as engineering, electrical engineering and electronics, energy production, transport and others. Attention remains focused also on the agri-industrial complex, especially as regards processing and storage of agricultural produce. We will do all that is necessary to better meet demand in high-quality food products.

To improve the functioning of the national economy it will be necessary to further strengthen centralization in strategic areas of the economy through making individual branches, regions and elements of the economy more responsive to the needs of economic development. But at the same time we are seeking to strengthen democratic principles in management, to broaden the autonomy of production associations, enterprises, collective and state farms, to develop local economic self-management and to encourage initiative and a spirit of enterprise.

In short, we seek the most rational method of managing the economy. Large-scale economic experiments are under way that are aimed essentially at developing a more efficient mechanism of management that would dramatically accelerate the rate of scientific and technological progress and make better use of all resources. Our objective is that in solving this task, all levels of material and moral incentives and such tools as profit, pricing, credit and self-sufficiency of enterprises should be put to work. That is the thrust of our work for radical improvement in the entire system of management and planning.

In addition, we are bringing into play other potentials for speeding up economic development. I mean greater discipline and order, demanding more from everyone, from worker to minister, a drive against irresponsibility and red tape, instilling labor ethics, ensuring greater social justice throughout the whole of society.

So we have enough economic problems and things to attend to, and indeed what country doesn't? We are aware of our problem, and we are confident of the capabilities inherent in our social system and our country. I have recently visited various regions, had meetings with many people—workers and farmers, engineers and scientists. And what was common to all those meetings? Need for a drastic change and the necessity to radically improve performance are not only supported by the people but becoming their demands, the real imperative of our time.

I want to emphasize this: the attention we have recently devoted to the economy is due not to an intention to set new records in producing metals, oil, cement, machine tools or other products. The main thing is to make life better for people. There is no goal more important to us. This year alone the decision was made to raise the salaries of several categories of engineers and techicians, to improve the material status of a considerable number of retired people, to allocate annually, free of charge, about 1 million plots of land for planting orchards, for people to have what you call a "second home." We are planning many other steps as well. Their scope will naturally depend on progress in the economy. Of late, positive changes have become evident: the rates of industrial production and labor productivity have increased.

You ask what changes in the world economy could be of benefit to the Soviet Union. First of all, although this belongs more to politics than economics, an end to the arms race. We would prefer to use every ruble that today goes for defense to meet civilian, peaceful needs. As I understand, you in the U.S. could also make better use of the money consumed nowadays by arms production. While insisting on cessation of the arms race, we also believe it immoral to waste hundreds of billions on developing means of annihilation, while hundreds of millions of people go hungry and are deprived of the elementary essentials. We, all of us, just have no right to ignore the situation.

Q. The Soviet Union is anxious to gain better access to advanced technology developed in the U.S. How badly is this needed in the Soviet Union, and primarily for what purpose? If the U.S. does not provide greater access, where do you intend to turn to obtain this technology?

A. The very way you are framing the question gives food for thought. Is there anyone who is not anxious nowadays to gain access to advanced technology? Everyone is, including the U.S.—even primarily the U.S. I mean not only the legal purchase of licenses and science-intensive goods or illegal industrial espionage. The U.S. practices its own specific methods as well. The brain drain, for example, and not only from Western Europe but from the developing countries as well. Or take the activities of transnational corporations, which through their subsidiaries are laying their hands on scientific and technological achievements of other countries.

As for the Soviet Union, it uses the achievements of foreign science and technology in a much more modest way. Those selling the idea of the U.S.S.R. allegedly being consumed with thirst for U.S. technology forget who they are dealing with and what the Soviet Union is today. Having won technological independence after the Revolution, it has long been enjoying the status of a great scientific and technological

power. This enabled us to blaze the trail in space and to undertake space research on a large scale, to acquire a reliable defense potential and to successfully develop the country's productive forces. Incidentally, how are we to understand the following inconsistency in the U.S. reasoning? To substantiate increased military spending, all they do in the U.S. is talk about the fantastic achievements of the U.S.S.R. in the field of technology. When, on the other hand, they need an excuse for prohibitive measures, they portray us as a backward country of yokels, with which to trade and to cooperate would mean undermining one's own "national security." So where is the truth? What is one to believe?

We speak openly about our dissatisfaction with the scientific and technological level of this or that type of product. Yet we are counting on accelerating scientific and technological progress not through "a transfer of technology" from the U.S. to the U.S.S.R., but through "transfusions" of the most advanced ideas, discoveries and innovations from Soviet science to Soviet industry and agriculture, through more effective use of our own scientific and technological potential. That is the thrust of our plans and programs. At the same time, we would naturally not like to forgo those additional advantages that are provided by reciprocal scientific and technological cooperation with other countries, including the U.S.

The '70s have seen fairly broad development of such cooperation in the energy field, including nuclear power, in chemistry, space research, cardiology and other fields. The benefit was mutual, and U.S. scientists are well aware of it. This cooperation has by now come to naught. We regret it, but let me assure you that we will survive because we have first-class science of our own and because the U.S. is far from having a monopoly on scientific and technological achievements.

By the way, the U.S., being aware of this, is trying to apply growing pressure on its allies so that they too should not trade with us in science-intensive products. What is more, the U.S., under the very same "national security" pretext, places a ban on deliveries of some types of such products to Western Europe and ever more frequently denies access to U.S. laboratories and scientific symposiums to representatives of Western Europe.

Yet I would not wish to end [these written answers] on a negative note. I should like to convey to the readers of your magazine wishes of good endeavor, happiness and a peaceful future. On behalf of the Soviet leadership and the Soviet people, I would like once again to tell all Americans the most important thing they should know: war will not come from the Soviet Union. We will never start war.

(The General Secretary formally passed his answers to Time's written questions, signed by him, across the table. "I'm giving this to you in a green folder," said Gorbachev. "Not even a hint of the export of revolution." He then began the spoken interview with an opening statement.)

I have a great many requests for various speeches, statements and interviews, but let me just say why—and I took counsel with my colleagues in the Soviet leadership on this—we decided to respond to the request put in by Time.

First of all, when I first saw the way your questions were formulated, I felt—maybe I'm mistaken, and if I am, correct me—that the questions themselves reflected concern about the state of Soviet-American relations. Unfortunately, that is something that we don't hear all that often in our contact and conversations with representatives of U.S. political or other circles. I felt that that in itself was very important if the questions themselves reflected concern. There is another reason of no less importance. And that is connected with our assessment of the situation in the world. That situation today is highly complex, very tense. I would even go so far as to say it is explosive. And as we see it, the situation in the world has a tendency toward deterioration. I do not want to set out our views as to the source of this present situation. I believe that you yourselves understand, and you are familiar with the situation as it stands today. So therefore I believe that it would be best of all to try and give a response to the question of where we stand, in what kind of a world we're living, at what stage we are in world development.

I would not like to overdramatize the situation in my response to this major question on which a great deal depends. So I believe that if we were to touch upon the question of the leaders of two such great nations as the U.S. and the Soviet Union, then surely in all of their way of thinking, in their analyses, in the practical conclusions that they draw therefrom, their starting point should be an awareness of the tremendous responsibility that rests upon them as leaders of two such nations.

It is in that spirit that I would like to try to answer the question that I myself formulated just a short while ago. Today it is a reality that the development of science and technology has reached a level where the broad-scale introduction of new achievements, particularly in the military field, can lead to an entirely new situation and an entirely new phase in the arms race [Star Wars].

I endeavored in my replies to your [written] questions to be very sincere and very frank in the hope that this will not be treated as "one more propaganda exercise by Moscow." I endeavored to say that at present, even today, it is very hard indeed to reach accord, to come to terms. There are so many accretions, so many exacerbations, such a lack of confidence, that it is even hard to begin moving toward each other. But if we were to come in the future to this new phase, and to open up a new stage in the military sphere, then surely the question is: Could we really deal with these matters? Would not there be a temptation on one or the other side to believe, "At last we have overtaken our partner. Is it not time then to seek to achieve superiority and to untie our hands in the field of foreign policy?"

Given the present exacerbated state of relations between our two countries and the present aggravations in the world at large, we must admit that today, thus far, there do exist certain restraints on the actions of either side. There is strategic parity. That is, after all, the foundation of equal security. There are also still in effect such treaties as the ABM treaty, the SALT II provisions, the nonproliferation treaty, the banning of nuclear weapons tests in three environments. To this day, so far, they are in operation. But even today, attempts are being made to remove these restraints or at least to raise the question of overturning the treaties, of abrogating them.

So when opportunities appear to take the path of creating and developing absolutely new types of arms, well then, of course, a new era will come about. We must give thought to this. So if the situation were to arise, if somebody were to give in to these illusions—and they can be nothing but illusions, because history shows that if one side has plans, the other side has counterplans; if one side wants to take some measures, the other side takes countermeasures; if there is a poison, there is an antidote—that is the lesson of history. So the question is: Where do we go from here?

And this brings me to the second point, my second reason why I decided to give this interview. That reason is that time is passing, and it might be too late. The train might have already left the station. If we are realists—and we hope we all are, we all want to live, none of us wants to be destroyed—then we must muster the political will and the wisdom and stop this process, and begin the process of eliminating weaponry, and the process of improving, invigorating relations between the Soviet Union and the U.S.

Perhaps we have too high an opinion of ourselves, but we feel that we are realists, both in terms of our policies and in terms of our practical actions. We believe that we do not simply limit ourselves to appeals, mere appeals for disarmament and improvement in relations. We act likewise.

We want to show our intentions and we also want to show by our actions what steps we are counting on the American side to take. Yet all our attempts to somehow escape this present bad situation in Soviet-American relations, attempts to somehow lead matters toward ending the arms race, toward relaxing tensions, toward disarmament—all these attempts come up against a negative position of the U.S. Administration. We keep hearing one and the same answer: "No, no, no. It's propaganda, propaganda, propaganda." Surely the most responsible people in the land cannot, should not, conduct themselves in that way in respect to their opposite numbers.

This reminds me—maybe it's a little out of place, but it reminds me of a story, a true story. For quite a few years there was one Minister of Finance in the Russian Federation government. His name was Ivan Ivanovich. He was rather old and would doze off at the meetings of the Council of Ministers. Whenever you would wake him up, no matter what you asked him about, he would always say, "No money, there's no money." We would hope that the American Administration has not given us its final word.

We hope that our understanding of these matters and of the direction in which we want things to move will, through your magazine, be brought to the attention of the U.S. public. This is the view of the Soviet leadership, so when I say these things it is a responsible statement.

We must not allow things to go so far as confrontation between our two countries. This is a reflection of the interests of our two peoples and of the politicians who represent them. It is after all the people of the two countries who put the politicians into the positions they hold today. So it is in our interests to express those wishes in practical ways. We must seek ways to put an end to the arms race, to seek disarmament, to switch Soviet-American relations onto a normal track. Surely, God on high has not refused to give us enough wisdom to find ways to bring us an improvement in our relations, an improvement in relations between the two great nations on earth, nations on whom depends the very destiny of

civilization. We for our part are ready to take that role.

What I said is particularly acute and topical because we get information about the political atmosphere in Washington, and that information disconcerts and disappoints us. [Reading from papers in front of him.] Here are some of the reports we've heard emanating from Washington just this last week. In one report the White House intimates that there can be no agreements with the Soviet Union on limitation of U.S. strategic programs, and the most that can be expected is agreement on a kind of agenda for the future. That agenda is to be considered over a period of many years, if not decades. Meanwhile and parallel with such a discussion, new types of arms would be developed, including space systems.

Now that is not some kind of information cooked up by any Soviet correspondent in Washington. That information is based on what is written by the American media. Or here is a report about some statements made by [U.S. Under Secretary for Political Affairs Michael] Armacost and [U.S. Strategic Weapons Negotiator John] Tower in interviews. Some other statements. We can discern that some of these statements are actually designed to make the product look better, or designed to hide the actual true meaning behind the words. But the main thrust of what they want to say is that it is essential to do everything possible to ward off, even to prevent, the slightest opportunity of reaching any accord with the Soviets on space-weapons bans or on the ban on nuclear testing. Now from these pronouncements made by Tower it appears that nothing depends on whatever the Soviet Union does at the talks in Geneva or in the military field. The U.S. will still go on developing antisatellite systems. It will go on developing space weapons systems. So here you see how certain people in the U.S. are driving nails into this structure of our relationship, then cutting off the heads. So the Soviets must use their teeth to pull them out.

So how are we to react to this kind of thing? We must all of us do all we can to end this present negative process in our bilateral relations, and proceed toward ending the arms race, and proceed seriously toward disarmament. I do believe it is in the best interests of the Soviet Union and the U.S. After all, there have been countless attempts in the past to bring us to our knees, to bring us to the point of utter exhaustion. But all such attempts have been in the past, and will be in the future, doomed to utter failure. We have never accused the U.S. of being an "evil empire." We understand what the U.S. is, what the American people are, and the role they are playing and will play in the world. We are certainly in favor of beginning a new phase in Soviet-American relations. But let me repeat that perhaps if a new phase appears, a phase still worse than the present one, this goal will be all the harder to achieve, if it is possible at all. Then a process might be launched that would be simply impossible even to conceive of today. That is why we are calling upon the U.S. to reach an accord with us on the basis of equal security, to reach an accord first and foremost on all three components, the most dangerous strategic offensive arms, medium-range arms and space weapons.

Q. You have spoken just now about "certain people" in Washington who seem to you to be trying to undermine the progress of U.S.-Soviet relations, but President Reagan himself has said on a number of occasions that there is no hostility toward the Soviet Union, that he is not seeking unilateral advantage or superiority over the Soviet Union. How do you take these assurances from the President? Do you accept them? More broadly, what are your impressions so far of President Reagan?

A. Let me just say at least that our attention certainly was drawn to certain positive elements contained in some of the President's remarks. We note some of his public statements in 1983 and 1984—I recall one speech I think was made at the United Nations—so we do duly respond to those positive elements when we see them. One of those statements was that war was inadmissible, that nuclear war was not winnable, and of course we gave our attention to the statement. Then we also paid due attention to his statement that the U.S. was not seeking superiority over the Soviet Union. These are very positive elements, and we believe that we could and should find positive elements in other spheres as well. They could all give us opportunities to cast a responsible glance at the state of our relations and especially toward the future and to find a basis to overcome the present negative phase in the state of relations between the Soviet Union and the U.S.

That is indeed why we agreed to hold the forthcoming summit meeting in the first place. We did so because we felt that we could do a lot by trying to meet each other halfway. That, again, is why we have reacted so sharply to some of the statements being made these days in connection with the summit. So we see that there are some who want to generate a situation to persuade the U.S. and the American public that, as [Columnist] Mary McGrory put it, even if the only thing to come out of the summit was an agreement to exchange ballet troupes then even so people would be gleeful and happy.

We for our part have very serious intentions in respect to the summit. We are making very serious preparations for that meeting, and we shall be prepared to submit some very serious proposals, regardless of what some of Reagan's advisers to the right or to the left—if I am correct he does not have any advisers on the left—regardless of what any of his advisers try to sell to him. If we did not believe in the possibility of bringing about an improvement in our relations, we never would have agreed to have the Geneva summit in the first place. That is our considered position.

About my impression of President Reagan, I have not had a chance to meet him or talk to him or see him in person, so it is hard for me to give you any human impressions, but politically of course I can say what my impression is. I regard him as President of the U.S. a man elected to his high office by the American people, and therefore our attitude toward President Reagan is prompted by our feeling of respect for the people of the U.S. We are therefore prepared to do business with him and to treat him with the respect that is befitting him.

Q. You said that you wished to reach accords in three areas, including space weapons. Yet from much of the commentary that one reads coming from the Soviet Union, there seems to be really no room for any agreements on space weapons because the only thing you want with regard to them is to stop them, to stop all research even in the narrowest and almost academic sense.

A. If there is no ban on the militarization of space, if an arms race in space is not prevented, nothing else will work. That is our firm position and it is based on our assessment, an assessment that we regard as being highly responsible, an assessment that takes into account not only our own interests but the interests of the U.S. as well. We are prepared to negotiate, but not about space weapons or about what specific types of space weapons could be deployed into space. We are prepared to negotiate on preventing an arms race in space.

In Geneva the Soviet Union proposed a ban on the development, including research, testing and deployment, of space strike weapons. Therefore, as we see, our proposed ban would embrace all stages in the birth of this new kind of arms.

Research is something we regard as part of the overall program for the development of space weapons. When, therefore, we see tens of billions of dollars being earmarked for such research, it is clear to us what the design is of the authors of such research and what is behind the specific policy pursued with regard to outer space.

Now, when the question comes up about research, and the question of banning research, what we have in mind is not research in fundamental science. Such research concerning space is going on and it will continue. What we mean is the designing stage, when certain orders are given, contracts are signed, for specific elements of the systems. And when they start building models or mockups or test samples, when they hold field tests, now that is something—when it goes over to the designing stage—that is something that can be verified. So we believe this process is verifiable. So if money is appropriated for such research, then that research has to culminate in the designing of mockups, models that are elements of the system, and that can be verified through national technical means of verification. There will have to be field tests of various components. After all, if we can now, from our artificial earth satellites, read the numbers on automobiles down on earth, surely we can recognize these things when they come to that stage. So therefore we can say flatly that verification is proper.

But the main thing is that if all this work on space weaponry were to stop at this stage, then no one would have any more interest in going over to the next stage in the process of designing and developing, because nobody would think of appropriating any more money for these purposes if it were known that money could not subsequently be used. But on the other hand, if billions and billions of dollars had already been spent on research, then nobody is going to stop because all that money had been invested in SDI. And so then, once space weapons are deployed, once they are in space, then nobody could control that process. And that is what I mean when I say that we would come to an unpredictable phase in relations. And of course you have to bear in mind that the other side is not going to be dozing all this time. That is something you may be very sure of.

When they talk about the purely scientific research nature of the SDI at this stage, they do so to somehow conceal that what is under way today is the whole process of developing space-weapons systems. The very fact that the U.S. is now planning to test a second-generation anti-satellite system is fraught with the most serious consequences. We will surely react. This test, in effect a test of a second-generation ASAT system, means in fact testing an element of a space-based ABM.

This we are witnessing against the background of a negative response to our proposal for the U.S. to join the moratorium on nuclear explosions. The U.S. does not want to join that moratorium for one simple reason, among others: the U.S. needs nuclear testing to provide the nuclear element for space lasers. It has to be used to produce an X-ray laser effect. All these are elements in the space-based antiballistic missile defense. Think then what would happen if the whole thing goes full steam ahead. We believe America should give honest thought to these matters before proceeding further.

I guess that somebody in the U.S. must have thought they would be able to forge ahead of the Soviet Union, to bring pressure to bear on the Soviet Union through these programs. That is something that would never succeed: come what may, we will find an accurate response to any challenge. But if that transpires, it will mean the burial of all negotiations, and when we might return to the negotiating table, nobody can say.

All this may of course suit the U.S military-industrial complex, but we, on our part, have no intention of working for the U.S. military-industrial complex. Our proposals, we firmly believe, are in the best interests not only of the Soviet Union and the Soviet people, but equally in the best interests of the American people and the U.S.

That is why our proposals cause the most irritation on the part of the military-industrial complex in the U.S. We notice that by the behavior of some in the U.S. Administration. There are some there that can certainly be regarded as representatives of the U.S. military-industrial complex. We can feel their presence.

But we do have a large reserve of constructive ideas, and will continue to invite the U.S. Administration to take a different approach. If a different approach is taken by the U.S. Administration, that will open up tremendous possibilities in the field of strategic arms, medium-range arms, in the entire area of armaments. It will open wide an avenue for a broad-based process for improving relations between our two countries.

I was recently in the town of Dnepropetrovsk, and in the street there a worker asked me, "Now what is all this Star Wars that people are talking about, this new idea that Reagan is proposing, Star Wars? Aren't you afraid the U.S. might trick us in the talks?" And I said, "No, have no fear. We will not allow that to happen. We will not allow ourselves to be tricked."

But if the other side displays readiness to seek solutions to these problems, we will be equally prepared, come what may, to leave no stone unturned to seek accommodation. I firmly believe our position is humane. It is not selfish, it meets the interests of the U.S. as it does the interests of the Soviet Union and indeed all nations. Surely the U.S. has areas where it can invest money. We know that you have your own problems; perhaps we are less familiar with your problems than we are with ours, but we certainly do know that you have some problems. And we know that you have an area where you can invest money.

Q. The events of recent weeks, such as the U.S. announcement of the ASAT test and the spy dust charges, could hardly have been helpful in terms of preparations for the summit meeting. Is this type of thing seriously damaging?

A. As far as preparations for the upcoming meeting, let me assure you that we certainly attach tremendous importance to it. We have high hopes and serious hopes about the outcome, even though we do hear from the other side that they are taking a much more modest view of the meeting. They are not giving it that much significance, and we hear words to the effect that it is going to be an introductory meeting, only an agenda for the future, things to that effect. Well, we believe that to travel all the way to Geneva just to get acquainted, just to look at the beauties of Lake Geneva, the beauty of Swiss mountains, that is not adequate to the leaders of two such great nations. It is an expensive luxury. We will do all in our power to make the summit meeting instrumental in improving relations between the Soviet Union and the U.S.

Q. In an article to be released this weekend in *Foreign Affairs* magazine, former President Nixon says that an agreement reducing arms, but not linked to restraints on political conduct, would not contribute to peace. In effect he is saying that the first priority of a summit should not be arms control, but potential flash points and pressure points between the U.S. and the Soviet Union. Do you share that view?

A. It is interesting for me to hear what President Nixon is doing these days. As for the topics that we are going to take up in our discussions with President Reagan, we are working on that right now. We are in contact with the State Department, the White House, and this is an ongoing process. I would not like at this point to go into any of the details of this preparatory work.

Your mentioning Nixon certainly gives me some associations and some memories of a different kind. After all, it was in a very difficult period of our relationship that we managed to find, with Nixon when he was President, the solutions to some very important issues. I recall still further back in 1961 the meeting between Khrushchev and President Kennedy in Vienna. That was a very difficult time as well. There was the Caribbean crisis, yet in 1963 we saw the partial test-ban treaty. Even though that was again a time of crisis, the two sides and their leaders had enough wisdom and the boldness to take some very important decisions. History is very interesting in that way, when you attempt to draw lessons from it.

Q. You have, at least in the view of the world press, started a quite new style of politics in the U.S.S.R. You have gone out and met many people, mingled with workers, and been very visible. Do you enjoy this kind of activity? What benefits do you see deriving from it?

A. Well, first of all, it is not just my own personal style. This is something that we all learned from Lenin. It goes back to Lenin. He said on quite a few occasions that to know life you must live as the masses do, live among the masses, learn from the masses, feel their pulses at work and reflect their thinking, their mood in your policies. I would give priority in that to Lenin. It is not my invention.

Second, it is nothing new in my practice. I used that style all along. I did that kind of thing in Stavropol. I did it here when I was transferred here before I became General Secretary. It is my usual work style. Maybe on occasion, when I have been traveling in the country, the press has given it more prominence and played it up a lot more. The press can do anything. But also I should say there was a need to go out and meet people more.

We are now in a new phase in our economic development, qualitatively in a new phase, new plans, new problems. We do have problems, some serious big problems to resolve. We have for the past several years been making a thoroughgoing analysis of our development of all the problems at hand, and we feel that there is a need to familiarize the working people generally with the conclusions that we are arriving at, to test those conclusions and the people's reactions so that when those analyses have been tried and tested we can come out with them at the forthcoming Party Congress early next year. I would say that it is not a question of whether I enjoy that style or not. You cannot work otherwise. It is the only way you should and can work, provided you want to achieve results.

Q. You have proposed some very deep changes in Soviet society and have already replaced quite a number of officials. One assumes you will replace quite a number more. Are people afraid of you?

A. [Laughter from Gorbachev.] Well, what we have been doing and intend to go on doing is not a reflection of just my point of view. It is the common view of our leadership. We are convinced that we are doing the right thing. These questions are ripe for a solution and they clamor for a solution. They need to be resolved. That is the most important conclusion that I have drawn from my many meetings with people in all walks of life: workers, engineers, scientists, intellectuals, everybody. I see exceedingly warm support for what we are proposing for the line we are taking. What's more, I see that many, both within the party and among the population at large, are impatient for more than we are doing.

But while we try to be bold and determined, we also try to be circumspect in what we are doing. We will continue to act in a spirit of great responsibility to the people. But the people are really clamoring for firmness in our policies. There should be no difference between words and deeds. The deeds should match words. You know we are under very strict control in this country as to what we do and what we have been doing, that is, greater publicity for major decisions and other measures have led to a sense of greater opening and flowering of our democracy. I think that people are not only not afraid of me but welcome the approach we are taking.

I trust that you will not think that I am inclined to look at all of this with rose-colored glasses. This is a very profound process, and it is one that is concerned with the very deep restructuring. It is a very important thing in this country. It affects people, it affects personnel, it affects the very methods of management. The fact that we have been replacing some people is nothing of an extraordinary nature. This is a process that has been going on since perhaps a couple of years ago, it is an ongoing process, it is a natural process of replacement. It will be a bad situation when the process stops. It is not that these various decisions on personnel problems reflect some kind of political struggle around the problems that we are endeavoring to resolve nowadays.

We feel that everyone everywhere in the Soviet Union must change all of their work styles; that goes for all of us here and down at the regional levels and down at the worker-collective level. Everyone has got to restructure things, restyle his whole way of working and thinking. This will still require a great deal of work within the party and within the entire population. This policy has enjoyed some very great support among the people, and that shows that we have taken the correct line. Now if only we can

fulfill our plan as well as we have done during this interview.

I think that there was some prior arrangement that we would spend about one hour together. It has now been two hours. If we could overfulfill our production plans like that it would be great.

I would like to end by just saying a few words that are important in understanding what we have been talking about all along. I don't remember who, but somebody said that foreign policy is a continuation of domestic policy. If that is so, then I ask you to ponder one thing: If we in the Soviet Union are setting ourselves such truly grandiose plans in the domestic sphere, then what are the external conditions that we need to be able to fulfill those domestic plans? I leave the answer to that question with you.●

## REPORT ON OVERSIGHT OF THE JOB TRAINING PARTNERSHIP ACT IN INDIANA

● Mr. QUAYLE. Mr. President, today I am reporting on the findings from oversight of the Job Training Partnership Act (JTPA) in Indiana.

July 1, 1985, marked the first anniversary of JTPA. As chairman of the Senate Labor and Human Resources Subcommittee on Employment and Productivity and an author of JTPA, I directed the subcommittee to conduct oversight activities to determine whether JTPA is meeting Indiana's substantial training and retraining needs. In recognition of the start of the second full year of program operations, the purpose of this oversight was to examine the implementation of JTPA and to determine whether amendments to the new statute are needed. I want to draw the attention of my colleagues to a report I am issuing that summarizes the findings from that case study of JTPA operations in Indiana.

Before I discuss our findings, I would like to provide some background on the oversight activities of the subcommittee.

### OTHER SUBCOMMITTEES OVERSIGHT OF JTPA

Earlier oversight of JTPA was conducted by the subcommittee in the fall of 1984. Congressional staff held discussion forums and made site visits throughout the country to assess the implementation of the new training program. The individuals consulted represented a broad range of perspectives.

At that time, the subcommittee found that there was strong support for JTPA. The implementation phase was still progressing as States and service delivery areas were learning about program operations and their new roles and responsibilities under JTPA. A summary of the findings from regional oversight activities in Maine, Mississippi, Ohio, Tennessee, and Washington is contained in the committee print entitled, "Preliminary Oversight on the Job Training Partnership Act," Senate print 98-264.

### INDIANA'S TRAINING NEEDS

Naturally, as a representative of Indiana, a State with substantial training needs, I am eager to know whether its needs are being met by legislation that I was instrumental in designing.

The tremendous need for JTPA in Indiana is documented by unemployment statistics. Monthly unemployment rates in Indiana have exceeded national unemployment rates regularly since 1979. For 1984, the annual average unemployment rate for Indiana was 8.6 percent, while the national average was about 7.5 percent. The most recent monthly data available, for August 1985, show a significant improvement in Indiana's unemployment rate as it dipped and came close to meeting the national figure: Indiana's unemployment rate was 7.4 percent and the national unemployment rate was 7 percent.

Indiana's retraining needs are exacerbated by the fact that it has been one of the States hit hardest by the recent structural changes in the economy, particularly in the auto and steel industries, which form the backbone of Indiana's manufacturing sector. Plant closings and permanent layoffs continue to result in large numbers of experienced workers suffering long bouts of unemployment.

### BACKGROUND TO JTPA

JTPA was signed into law on October 13, 1982, and the new nationwide job training program became effective on October 1, 1983. Following a 9-month transition period to the new program year, JTPA began its first full year of program operations on July 1, 1984.

JTPA authorizes a Federal job training program that replaced the Comprehensive Employment and Training Act (CETA). Building on the knowledge acquired through CETA and its predecessors, including the Manpower Development and Training Act, JTPA incorporates past experience with an innovative service delivery system to tackle the problems of chronic unemployment and poverty. The salient feature of this innovative approach is the substantial role given to the private sector in the design and administration of job training programs.

The philosophy underlying this approach is that the private sector knows best the skills and attitudes employees should possess for successful employment. Private sector involvement is a critical link between the training provided and the jobs that are available. As a result of this linkage, training is tied to economic development. Since decisions regarding the design and operation of training programs are most appropriately made at the local level, JTPA employs a decentralized service delivery system. For more information on program requirements, the appendix to the report contains a primer on JTPA.

### OVERSIGHT OF JTPA IN INDIANA

As part of the Indiana case study, I conducted six oversight hearings. These hearings were held in Indianapolis and Evansville on July 1; in South Bend and Gary on July 2; and in Lafayette and Fort Wayne on August 7.

In addition to these six formal oversight hearings I chaired, staff held five discussion forums in conjunction with onsite visits in other parts of Indiana. Staff forums and site visits took place in Kokomo on April 2; in Columbus on June 5; in Salem on August 21; in Marion on August 22; and in Muncie on August 26.

The individuals who took part in these oversight sessions represent the broad range of perspectives involved in setting JTPA policy and in program operations at the Federal, State, and local levels. Many of the participants are members of private industry councils. A list of all the individuals who testified is contained in the appendix. All of Indiana's 17 service delivery areas were represented.

Participants included the Secretary of Labor, William E. Brock III; Indiana Gov. Robert D. Orr and Lt. Gov. John Mutz. Other witnesses included 19 chairs and former chairs of private industry councils; 21 local elected officials; 11 business representatives of private industry councils and dislocated worker programs; 10 representatives of chambers of commerce and economic development; 10 representatives of labor; 14 representatives of education; 10 representatives of the handicapped and vocational rehabilitation; 12 representatives of minorities; 17 representatives of youth, women, senior citizens, and veterans; 15 representatives of employment security and the bureau of apprenticeship and training; 29 employers of trainees; 22 trainees; and 29 program operators, training providers and community-based organizations.

I would like to extend my appreciation and gratitude to all those who assisted in the case study of JTPA in Indiana. Thanks are due to everyone who expressed their views orally and through written testimony. The subcommittee would particularly like to thank the members of private industry councils, who are volunteers, for their time. From all the comments that were made, it is evident that communities are accepting their responsibilities under JTPA in a thoughtful and serious manner.

We also extend our appreciation to the businesses and companies that permitted their employees and JTPA trainees to meet with staff. Finally, the subcommittee would like to thank JTPA administrators and their staffs for all the assistance they provided in organizing and conducting these oversight activities.

FUTURE OVERSIGHT

Findings from the preliminary oversight activities in 1984 and the 1985 case study of Indiana will help shape the issues the subcommittee examines during oversight hearings planned at the national level, in the spring of 1986. These Washington, DC, oversight hearings will take place near the conclusion of the first 2-year planning period.

SUMMARY OF MAJOR FINDINGS

Now I would like to turn to the findings of the six oversight hearings I chaired and the five staff forums and site visits undertaken by staff this spring and summer. The subcommittee's major finding is that JTPA has been effective in assisting Indiana's unemployed find jobs in the private sector. The new service delivery system is firmly established and well positioned to address the training needs of the structurally unemployed.

Performance standards for Indiana indicate that, for the first three quarters of program year 1984—July 1984 to March 1985—80 percent of adults and 70 percent of youth who completed JTPA found jobs. Comparable national figures show that 70 percent of adults and 62 percent of youth who terminated from the program were placed in jobs. This compares favorably with CETA which, nationally, had a placement rate of 39 percent in the basic program—title II-B—and 35 percent overall.

Foreign trade and structural changes in the auto and steel industries have changed the industrial base of many Indiana communities. JTPA, through the local public-private partnership and the private industry council with its business majority and communitywide participation, is serving as a forum for the development of local solutions to eliminate unemployment in conjunction with economic development.

The comments of many witnesses were echoed by one chief local elected official:

> I think it [JTPA] gives an opportunity for both sides to develop strategies [to accomplish the goals of the Act], but also to perhaps get a little more creative and . . . develop our own economic development strategies at the local level.

Witnesses credited the local partnership between business and elected officials for the successes that have been achieved by the service delivery areas (SDAs) in meeting and surpassing performance standards. See the appendix for program data, statewide and by SDA.

The role of the private sector was generally acknowledged as the key to the SDAs' success in placing the unemployed in jobs. Consequently, private sector involvement has been enthusiastically received and welcomed throughout Indiana.

There is also strong support for the decentralized decisionmaking process. SDA representatives said that, under local control of the program, they enjoy a new sense of ownership and satisfaction.

Testimony indicated that the increased autonomy and flexibility accompanying JTPA's decentralized approach is essential to the continued involvement of the private sector. As a result, concerns raised about the program tended to focus on how to further enhance the autonomy and flexibility of the SDAs and the private industry councils (PICs).

To briefly summarize, testimony received by the subcommittee in Indiana indicated strong support for JTPA. In particular, there is a great deal of enthusiasm for business involvement through the local public-private partnership. There is a very strong consensus that, with the possible exception of a few minor changes to achieve some technical fine tuning to enhance the flexibility of SDAs in meeting the goals of the act, amendments to JTPA are not necessary and should be avoided. Witnesses indicated that, with more leadership from the U.S. Department of Labor, many of the concerns that were raised could be resolved administratively, at the State and local levels.

At the conclusion of my remarks, I ask to have the detailed discussion of findings and its appendix inserted in the RECORD.

The material follows:

DETAILED FINDINGS

Following is a detailed discussion of findings from the oversight sessions on the Job Training Partnership Act (JTPA) conducted in Indiana by the Subcommittee on Employment and Productivity between April and August 1985.

It should be noted that this section examines concerns or issues that were frequently raised by representatives of many different perspectives: private industry council (PIC) chairs and other PIC members, elected officials, program administrators, representatives of related programs and advocates of the client populations. The purpose of this detailed discussion is to present the findings of the Subcommittee without commenting on the merits of the concerns that were raised or recommendations to address them.

It is important to stress that there was a consensus among the Indiana witnesses that JTPA should not be amended at this time. Although suggestions were made for possible minor improvements to the Act, witnesses generally maintained that Congress should be cautious in making any changes other than minor adjustments to enhance local flexibility in meeting the goals of JTPA. Instead, witnesses indicated that, with more leadership from the U.S. Department of Labor, many of the concerns that were raised could be resolved administratively, at the State and local levels.

PERFORMANCE STANDARDS

All of Indiana's service delivery areas (SDAs) are meeting or exceeding their performance standards, which are welcomed as a means of evaluating program results. However, despite this acceptance and support, performance standards have become the focus of controversy in that they may encourage program operators to cater their services to some categories of individuals among the eligible population but not others. Many witnesses are concerned that the performance standards restrict the ability of SDAs to serve a portion of the economically disadvantaged that requires a longer period of training and a greater investment of JTPA resources. This is commonly referred to as "creaming".

Witnesses explained that the performance standards currently being implemented by the U.S. Department of Labor heavily emphasize the achievements of immediate job placement, at a low program cost, starting at a salary above the legal hourly minimum wage of $3.35. Consequently, some witnesses said they are discouraged from serving individuals for whom a successful outcome may be achievement of basic skill competencies rather than immediate employment and for whom more extensive and, consequently, more expensive classroom training is required.

Given the limited funds available for JTPA in proportion to the size of the eligible population, SDAs must set priorities and make decisions regarding the most effective use of the training dollar. The emphasis placed on job placement combined with the increased participation of the private sector, has caused an unprecedented use of on-the-job training (OJT). OJT often leads to permanent employment, and subsidized wages paid to OJT participants provide them with an income during the in-training period. OJT is an effective and efficient training approach. That SDAs are able to meet the performance standards, with high placement rates at low cost, largely through the increased use of OJT is an indication that JTPA's design is a success.

However, witnesses requested that the performance standards be revised in order to encourage SDAs to provide more longer-term and competency-based training for both youth and adults who need more basic skill development to become employable. This would enhance the flexibility of the SDAs to serve a broader range of the eligible population. Such performance standards would also allow more exploration and development of training programs that prepare individuals for a future of employment in different jobs rather than simply training for a specific job.

Witnesses within SDAs had divergent views on whether or not the performance standards caused JTPA to cream—or selectively enroll those who stand to benefit most from short-term training.

One witness, a program director who was also involved with CETA, summarized the thoughts of many: "The establishment of performance standards helped to stress the need for high performance in the system. It told us . . . that Congress is serious about placing people in jobs. I think that, overall, the system has responded admirably. JTPA has gained credibility in a short time period. It has proven that when employers are involved in a meaningful way, effective progams are the result." This same witness went on to add that, ". . . we need to examine the 'T' in JTPA. We need to be more creative in our use of longer-term technical training combined with OJT if we are going to have trainees making quantum leaps in skill and wage levels."

Several witnesses pointed out that performance standards do not measure the

sorts of outcomes that are specified in the Act, such as reductions in welfare earnings, increases in earnings over a period of time after terminating from JTPA, or decreases in unemployment. In addition, SDAs indicated that they are discouraged from purchasing the supportive services necessary to enable some individuals to participate because SDAs will be penalized by the performance standards for doing so. (See the discussion under the subheading Supportive Services.)

Witnesses who did not think creaming was a problem pointed out that SDAs can and must make sound business decisions, within the constraints of the program but with the benefit of input from private sector PIC Members. Witnesses stressed that training is an investment and communities want a significant return on their tax dollar. Not all the disadvantaged can benefit equally from training, and many have problems for which training is not the solution. One witness commented that the performance standards have ". . . given the program direction and contributed to more positive results. Although these standards may force some agencies to cream, the tangible results are important enough to merit consideration."

Most witnesses welcomed the fact that participants in JTPA are more committed and highly motivated to gain training for its own sake. It was generally agreed that this has resulted in a higher percentage of participants completing their training. Minority representatives suggested that increasing participation of some segments of the eligible population required a sensitivity to cultural differences and to attitudes about past Federal programs that "set up a continuing perception that interferes with operations of JTPA," as one witness put it.

There is uncertainty over the extent of the State's authority and responsibility for adjusting performance standards for the SDAs. SDAs expressed confusion regarding the regression model developed by the U.S. Department of Labor for adjusting the performance standards for local economic conditions and characteristics of populations served.

Several SDAs expressed concern with the methods of calculating the average wage at placement standard. This seemed to be especially a problem for SDAs in which several rural counties are joined with a single, heavily industrial county. In calculating the average wage for such an area, a few large companies with high starting salaries are included, driving up the average for the entire area. It is then difficult, throughout the other counties, for trainees to be placed in jobs that have starting salaries within the correct wage range. A further complication in such an area is that its large companies are often in industries which are currently in the process of laying off and reducing their labor forces. With many former employees awaiting recall, it is extremely difficult to place trainees in these higher paying companies.

SUPPORTIVE SERVICES

Some SDA representatives maintained that more JTPA funds are needed for supportive services, such as child care, transportation and counseling. When questioned, these witnesses stated such services are not available through other sources. Those who expressed concern about supportive services under JTPA said that this reinforced the tendency of the performance standards to focus JTPA on serving the portion of the eligible population that benefits most from short term training.

When questioned about such concerns, SDAs often said they had not requested the waiver on supportive services authorized by Section 108(c) and did not favor doing so. This waiver, which the PIC must request from the Governor, permits SDAs to use some training funds for supportive services in limited circumstances. Witnesses generally responded that, since too few funds were available for training, they did not want to sacrifice training funds to underwrite supportive services costs.

A further disincentive to seeking a waiver is that purchasing additional supportive services would hinder SDAs from meeting the performance standards by increasing the cost per trainee. Witnesses recommended that the performance standards be adjusted to take these costs into account.

Witnesses who do not share this concern believe the need for supportive services for trainees is being met through improved coordination with related programs such as Title XX—Social Services, Aid to Families with Dependent Children (AFDC), the Employment Service and Vocational Rehabilitation.

STIPENDS

Witnesses indicated support for the elimination of stipends, except in some limited cases with youth. Some SDA representatives said that, without the stipends, JTPA offers little enticement to participation for the most extremely disadvantaged, minority, inner-city youth. A stipend would provide the incentive necessary to attract these youth into the program.

Although the Act permits "needs based payments necessary in order to permit an individual to participate" (Sec. 204(27)), some witnesses would prefer a more explicitly authorized use of stipends, in limited circumstances, for youth.

One witness, who supported the move to eliminate stipends in order to encourage self-motivation, suggested that a stipend be offered in the form of a reward to recognize training achievements. This would promote self-motivation among youth participants and help cover minimum training expenses.

SERVICES FOR YOUTH

Many Indiana SDAs share a common concern over the level and quality of services for youth between the ages of 16 and 21. The Act requires that 40 percent of each SDA's allocation must be spent on youth. A State's Governor may adjust this percentage for an SDA so that it more closely reflects the proportion of youth in the SDA's eligible population. In some instances, SDAs are experiencing difficulty meeting this requirement because of conflicting or restrictive program requirements, and in other instances the level of expenditures required to be spent for youth is believed to be too high. Often SDAs ascribed their difficulties in meeting the 40 percent requirement to a combination of these factors.

Several witnesses stated that the 40 percent requirement is too high because services for youth are not as expensive as services for adults. Witnesses who thought that 40 percent was too high a level said the requirement forces them either to purchase more expensive services for youth rather than be cost effective, or to serve a disproportionate number of youth, over 50 percent in some cases. Representatives from SDAs with this problem, usually rural areas, sometimes said they had difficulty finding enough eligible youth who wanted to be in the program.

Witnesses indicated that the objectives set out in the performance standards seem to be inconsistent with the Act's emphasis on serving youth. The performance standards, with their emphasis on job placement upon termination from the program and on high average wages at placement, discourages SDAs from serving youth whose needs and goals do not coincide with these objectives. Youths between the ages of 16 and 21 more often seek help in completing high school, pursuing continuing education, or achieving remedial education and learning employability competencies. The length of time, costs, and outcomes of these activities hinder SDAs from meeting the performance standards.

To correct this, a common recommendation was that, instead of requiring each SDA to devote 40 percent of its funds to youth programs, SDAs should be required to ensure that 40 percent of their JTPA program participants are youth. It was pointed out that this would also help ease the administrative burden on SDAs, which must track dollars earmarked for youth under the present requirement.

Others recommended that the method used to calculate the portion of funds to be spent on youth should be changed. Rather than arbitrarily set 40 percent as the goal, the Act should set out broad guidelines and each SDA would establish a percentage based on the relative proportion of youth in the eligible population.

It was also suggested that SDAs could be enabled to meet the 40 percent requirement by raising the age limit to 25. High school dropouts and disadvantaged youth between the ages of 21 and 25 who are unemployed and lack basic skills are one of the most at-risk segments of the unemployed population. Their needs coincide with the objectives set out in the performance standards.

One witness described the problem with the youth program requirement in his SDA. For youth up to the age of 18, the objective is to encourage them to stay in school, which is relatively inexpensive. The result is that most of the funds under the 40 percent requirement are targeted at 18 to 21 year-olds, who make up less than 10 percent of the population. The SDA represented by this witness is a mix of rural and industrial areas.

In support of the suggestion that the age limit should be raised to 25, witnesses pointed out that in Indiana the situation facing these youth has been exacerbated as the manufacturing sector reduces the relative size of its labor force and the number of well-paying, unskilled jobs decreases. If unskilled youth between the age of 21 and 25 are currently employed in an industry that is laying off workers, they are liable to be the first to be laid off—and they are the last to be called back, due to their lack of seniority. Unskilled and disadvantaged youth in this age bracket need preparation both for entering the labor market and for adjusting to structural changes in the economy.

Another proposal to deal with the difficulties experienced under the 40 percent requirement was to extend eligibility to include youth who, due to financial difficulties, such as unemployment, have been forced to return home to live with their parents or family. In calculating eligibility, these individuals should be treated as a "family of one," which the Governor is permitted to do for handicapped adults.

A number of witnesses said that if restrictions on work experience for out-of-school youth were lifted, they would be able to

meet the 40 percent requirement. Several witnesses recommended that Section 205 relating to try-out employment for in-school youth be extended to include out-of-school youth.

A few SDAs were particularly concerned about the method currently used to adjust the 40 percent requirement, which takes into account youth attending post-secondary institutions. Consequently, for SDAs in which there are large post-secondary institutions, the 40 percent requirement is increased to 45 percent or more. This problem is particularly evident in the Tecumseh SDA which includes Purdue University; the South Central SDA with Indiana University; and the East Central SDA, where Ball State University is located.

DISLOCATED WORKERS

Both management and labor strongly support the dislocated worker program established by JTPA's Title III. What concerns were expressed by management, labor and program participants in describing their experiences generally reflect the experimental nature of this new program. Witnesses expressed dissatisfaction with Title III's administrative requirements, which entail excessive paperwork and result in slow start-up time that hinders effective implementation of programs. In particular, the grant approval process should be expedited because early intervention is vital. A secondary concern is that there has been a proliferation of administrative entities at the local level which may require better coordination and perhaps even consolidation.

PROGRAM FUNDING

One of JTPA's major goals is to provide program stability through forward funding, by establishing a program year that begins after Congress' appropriation cycle ends. The purpose of this is to encourage advance planning by giving the SDAs 18 months notice of funds to be available to them. However, some SDAs are finding it difficult to do advance planning.

The goal of program stability has been at least partially thwarted by three factors: First, the substate distribution formula permits severe fluctuations in allocations; second, programs have different methods of allocating funds and consequently different operating schedules; and third, funds already appropriated may be withheld pending action at the Federal level.

First, in some SDAs, changes in unemployment levels have caused severe reductions in allocations. Two-thirds of the substate distribution formula for Title II-A is based on factors relating to levels of unemployment. Consequently, as unemployment rises or falls from one year to the next, SDAs will find their allocations changing accordingly. When this causes severe fluctuations in funding, program stability is threatened. The auto and steel industries, which dominate Indiana's manufacturing sector, are particularly susceptible to fluctuations in unemployment. Two of Indiana's SDAs will experience severe reductions in funds from Program Year (PY) 1984 to PY 85. The Northern Indiana Job Alliance will have a 28 percent reduction and the North Central Indiana SDA will have a 25 percent reduction.

Witnesses advocated holding SDAs harmless from such fluctuations under the substate distribution formula, as is already done in the distribution formula to the States. While the distribution formula to the SDAs is the same as that used for the States, there is a 90 percent hold-harmless clause for the States that phases in fluctuations in the distribution formula caused by decreases or increases in unemployment.

Secondly, although the dislocated worker program under Title III is forward funded, it is up to the Governor to decide whether these funds will be automatically passed through to the SDAs. In Indiana, SDAs must go through a grant approval process with the State and, in some instances, with the Secretary of Labor. Furthermore, under the grant approval process, starting and ending dates for these programs vary widely and are uncertain until a grant is finally approved. Consequently, it is difficult to do advance planning. (It should be noted that, starting in PY85, Governor Orr has directed that a portion of the State's grant for the dislocated worker program will be automatically distributed according to a formula among the SDAs.)

Finally, in early 1985, in an effort to reduce Federal expenditures, the Administration requested a rescission of funds Congress had already appropriated for PY86. This request affected a wide array of Federal programs. Although Congress did not approve the request, the Administration did not release the funds proposed for rescission until several months later, when the legally required time for Congress to act on the rescission request had expired. Consequently, $100 million for the 1985 summer youth program (Title II-B) was not released until the summer program was already in operation. Many Indiana SDAs had neither expected to receive nor planned for this money, and some of them were unable to use all of it on such short notice.

ADMINISTRATIVE REQUIREMENTS

In all SDAs, primarily among PIC members and program administrators, there is concern that the increased amount of paperwork required under JTPA threatens the continued involvement of the private sector. PIC members, and especially PIC chairs, are being overwhelmed by the onerous burden of administrative requirements that occupies too much of their time and interferes with their ability to focus on the quality of the training that is being provided in their SDAs.

These concerns were well expressed by one PIC chair:

Those who crafted the JTPA legislation and the Department of Labor are to be congratulated for not burdening the system with the myriad regulations and restrictions that crippled CETA. It is the local flexibility and discretion of JTPA that is responsible for the private and public sector support it has received . . . . Continuing support by the private sector . . . will be largely dependent on the extent to which local flexibility and discretion can be maintained and expanded—and the degree to which the State will continue to support local initiatives and flexibility, and the support the SDAs can expect from the Department of Labor when designing and implementing innovative programs to serve their areas. A preoccupation with audit and liability issues can have a chilling effect on creativity and production if allowed to subtly rewrite the intent of JTPA legislation.

The increase in paperwork was attributed to several factors, including maintaining records for three or four separate programs on the following items: performance standards for youth and adults; limitations on expenditures for administration, training, and supportive services; service levels for target populations; and some unique requirements for each program. Finally, the development of annual and biennial SDA program plans becomes burdensome when changing State requirements make revisions necessary.

To reduce administrative entanglements, SDAs called for clarification of the roles and responsibilities of the different levels of government. Witnesses indicated that Federal guidelines are often open to a number of different interpretations. In conjunction with this, there is concern that SDAs have often been required to alter plans because of changing State requirements and policies. SDA representatives commented on the need for the State to be more accountable to localities for decisions that affect SDAs. This could be accomplished by giving SDAs a more active role in the development of policies.

Other suggestions for reducing burdensome paperwork requirements focused on striking a better balance among the program requirements, either by eliminating some of them or by changing the method of implementation, thereby achieving some streamlining.

Representatives from several PICs suggested that Congress should set broad guidelines for minimum services to target populations and then allow each SDA to identify the target populations in its area and set goals for services to those groups. This would eliminate a common complaint that SDAs are required to serve target groups that they do not have in their area, or that SDAs are encouraged to follow practices that are obviously contrary to the goals of the Act.

For example, a PIC chair for a very large rural SDA said that it is difficult to meet the requirement to serve participants in the Work Incentive (WIN) program because eight of the SDA's eleven counties no longer participate in the WIN program. Representatives of another, largely rural SDA are perplexed because the percentage of high school dropouts they are required to serve is so high that, in order to serve that level of dropouts, they would have to refrain from encouraging youth to stay in school.

Another PIC member wondered why it is necessary to track the cost limitations on training, administration and supportive services, so long as an SDA meets its performance standards and its goals for the target populations. He expressed confidence that private sector involvement will keep administrative costs down.

Finally, several witnesses called for the development of incentives to encourage and reward private sector participation on the PICs. Suggestions ranged from providing a tax incentive to establishing a Congressional or Presidential award to recognize exceptional community service on the part of a business representative, employer or company.

STATE JTPA PROGRAMS AND RELATED FEDERAL PROGRAMS

Generally, SDA representatives said that JTPA improves the opportunity for coordination with related programs through areawide agreements and cross-referral of clients and applications. Some SDAs have established joint offices or cooperative agreements with related programs.

However, SDA representatives are concerned about the proliferation of State and local administrative entities under JTPA. They also spoke of the need for better coordination between JTPA and related Federal programs, such as Aid to Families with Dependent Children (AFDC), Food Stamps,

the Employment Service, housing and economic development programs.

Some PIC chairs felt that the State operated JTPA programs could be more efficiently administered and coordinated with other programs if the funds were automatically passed through to the SDAs.

To improve coordination of JTPA with the education system, SDA representatives discussed the need to tailor classroom training to meet the needs of employers and trainees. As one witness said, "The mission of the vocational education system should be to teach the job skills that employers will need in the near future. . . . JTPA entities need to be more creative in helping employers package vocational training with OJT. The vocational education system needs to be more aggressive in identifying new skill needs in delivering the training."

According to a PIC chair:

When given a choice between a paycheck and deferring against one while in school, not too surprisingly most eligible participants will opt for the paycheck . . . . As schools . . . redesign technical training to better meet employer requirements, . . . extend the training hours available per week and eliminate . . . the preoccupation with degrees, . . . classroom training will become more attractive. . . . Under JTPA, classroom training can take place hand-in-hand with on-the-job training. As classroom training becomes more relevant—and efficient—to the employer's needs, and as more employers become aware of the opportunity, this training option will be better used. . . . "Classroom" training will be much more appealing to the JTPA participant if there can be a realistic expectation of appropriate employment at completion. With some support from the States for the schools and input from the business community, we believe this issue will, for the most part, correct itself."

In another area, Lieutenant Governor John Mutz addressed the concerns of many witnesses when he suggested that better coordination could be achieved if Congress would decentralize the Employment Service by turning over control of its administration and funding mechanism to the States. ES and JTPA have similar goals, and decentralizing ES would make its delivery system more compatible with JTPA's and bring the administration of ES closer in relation to the problems it is addressing. Consequently, significant efficiencies would be achieved in program operations.

In this regard, the Indiana Employment Security Division is currently implementing a proposal to improve local coordination between ES and JTPA, in consultation with SDAs. The Indiana Employment Security Division is also in the final stages of implementing a State-wide computerized job matching system which will be available for use by JTPA staff.

Several representatives for the elderly called for improving coordination between the State 3 percent set-aside for senior citizens and the community services employment program, Title V of the Older Americans Act. These witnesses stated that coordination is currently hampered by the different eligibility requirements currently contained in the two Acts. JTPA requires a lower income for eligibility.

To improve coordination and better meet the needs of the elderly, many witnesses advocated applying Section 203(a)(2) to the 3 percent set-aside for seniors. Section 203(a)(2) permits up to 10 percent of Title II-A funds to be used for individuals who do not meet the income eligibility requirements but who have other barriers to employment. In addition, it was recommended that Social Security benefits not be included in calculating income for determining eligibility for the 3 percent set-aside program.

Pointing to JTPA's emphasis on serving welfare recipients, several witnesses expressed the view that the goals of both the Act and the AFDC program could more easily be met by changing certain AFDC program requirements that discourage participation by AFDC recipients. Many SDA representatives noted that AFDC recipients need to continue being eligible for other Federal programs, such as Medicaid and housing programs, for a short period of time as they make the transition to full employment.

Currently, AFDC benefits are terminated once the recipient is employed, but witnesses supported gradually phasing out AFDC benefits during the initial period of employment in order to improve the likelihood that the recipient will successfully (re)enter the job market. Witnesses said a phase-out of food stamps, health care and housing for beneficiaries who have gained employment is particularly important, and they noted that such a phase-out reduces the risks involved for AFDC recipients who enter into training, making it a more attractive option.

A PIC chair for a rural SDA recommended eliminating Section 142(b), which requires that allowances, earnings and payments be counted as income for programs under the Social Security Act, because it provides a disincentive to participation in JTPA programs for AFDC recipients. As a result of this provision, some counties in his SDA reduce AFDC benefits when recipients receive needs-based payments to cover training costs, such as books, tuition and travel.

EMPLOYERS, TRAINEES, AND SITE VISITS

During their Indiana site visits, Senator Quayle's staff met with program operators, trainees and employers of trainees. Employers and trainees also provided testimony at the Subcommittee hearings chaired by Senator Dan Quayle, and they attended the staff discussion forums to talk about their experiences.

Employers and trainees were understandably enthusiastic about their successes. Employers generally expressed surprise and pleasure at the lack of paperwork or other bureaucratic requirements, often acknowledging that they had been suspicious about JTPA at first but discovered that their fears about working with a Federal program were not warranted. Employers said they would continue to be involved with JTPA as the need arose. Employers who had been involved with both the CETA and JTPA programs generally expressed greater satisfaction with JTPA.

But some witnesses cautioned that JTPA should not become a 'welfare program for employers.' One witness addressed this point in his testimony:

The main thing that we are looking for is a fair business transaction. We don't give money to employers arbitrarily. We provide incentives for an employer to hire someone who he/she would not otherwise hire without the incentive. If no financial incentive is needed, we simply screen and refer our eligible individuals . . . We need to be careful in our use of financial incentives. We should not be buying a job that was available at no cost.

The Subcommittee staff saw many outstanding examples of successes during site visits. Some of these model programs are receiving national and statewide recognition:

Partners 2000 Summer Youth Program (Indianapolis Alliance for Jobs, Inc.)

Indiana Northeast Development (Northeast Indiana Private Industry Council, Inc.)

Carpenters Local 458 and the Town of English Summer Youth Program (Hoosier Falls Private Industry Council, Inc.)

Ball State University Summer Program for Handicapped Youth (East Central Indiana Private Industry Council, Inc.)

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A PRIMER ON THE JOB TRAINING PARTNERSHIP ACT

JTPA'S LEGISLATIVE HISTORY

On February 2, 1982, U.S. Senator Dan Quayle (R-IN), chairman of the Senate Labor and Human Resources Subcommittee on Employment and Productivity, introduced S. 2036, the Training for Jobs Act.

Originally cosponsored by U.S. Senators Orrin Hatch (R-UT), Paula Hawkins (R-FL), Edward M. Kennedy (D-MA) and Claiborne Pell (D-RI), Quayle's initiative proposed to repeal the Comprehensive Employment and Training Act (CETA), enacted in 1973, and replace it with a new nationwide job training program designed to help bring unemployed, economically disadvantaged and dislocated workers back into the job market by teaming up government, business and industry to provide the jobless with the training and retraining they need to land permanent and meaningful employment.

Quayle's bill was the result of a series of hearings he held on job training issues during 1981. That June, he chaired four Employment and Productivity Subcommittee sessions in Washington, D.C., and on August 25 and 26, he conducted field hearings in Indianapolis.

On March 15-18, 1982, Quayle's Employment and Productivity Subcommittee held joint hearings on S. 2036 with the House Education and Labor Employment Opportunities Subcommittee. On April 22, Quayle's panel approved the measure for consideration by the full Senate Labor and Human Resources Committee, which reported Quayle's bill on May 28. The U.S. Senate debated Quayle's Training for Jobs Act and passed it unanimously, 95-0, on July 1, 1982.

In the House of Representatives, Congressmen Augustus F. Hawkins (D-CA), then chairman of the Employment Opportunities Subcommittee, and James M. Jeffords (R-VT), then the panel's ranking Republican, led the effort to develop a new job training program. The House passed its version, H.R. 5320, on August 4 by 356-52.

Quayle served on the Senate-House conference committee that was assigned the task of resolving the differences between the two bills. The final compromise measure, S. 2036, the Job Training Partnership Act, was approved by the Senate on September 30 by 95-0, and the House adopted the conference report on October 1, 339-12.

President Reagan signed the Job Training Partnership Act into law (Public Law 97-300) on October 13, 1982.

JTPA became effective nationwide on October 1, 1983, when President Reagan hailed it as an "historic and bold program."

THE PHILOSOPHICAL FOUNDATIONS OF JTPA

The Job Training Partnership Act differs from CETA, the program it replaced, in several fundamental ways:

Under JTPA, the role of private-sector employers in the planning and operation of job training programs is greatly expanded.

JTPA is built upon a government-industry partnership, rather than controlled by government alone.

At the same time, the federal role is reduced from what it was under CETA. More discretion in program operations is provided at the State and local levels, while Governors are given authority over the administration of JTPA in their States.

JTPA provides training, not make-work employment, for those it serves; the measure specifically prohibits public service jobs.

Only a limited percentage of JTPA funds may be used for training allowances, support services and administrative costs. Fully 70 percent of program funds must be spent directly on training.

All JTPA job training programs must measure up to carefully prescribed performance standards. The standards are tied to JTPA's goal, that of providing the jobless with the skills and assistance they need to move off welfare and into unsubsidized private-sector jobs.

JTPA includes the first program specifically designed to meet the needs of dislocated workers ever enacted by Congress.

THE ADMINISTRATION OF JTPA

JTPA requires each State to coordinate local job training and education programs and to collect information on labor markets. In Indiana, JTPA is being administered for Governor Robert D. Orr by the Indiana Office of Occupational Development (IOOD), under the direction of Lieutenant Governor John Mutz.

Under JTPA, each State is required to establish a job training coordinating council, which is responsible for providing guidance to the Governor on State administration and coordination of job training and related programs. The council also recommends how to divide the entire State into service delivery areas (SDAs), or the units of government within which JTPA job training programs will operate. Each State Governor is responsible for final designation of SDAs.

During 1983, the Indiana Job Training Coordinating Council (IJTCC) proposed and Governor Orr approved the creation of 17 SDAs in the State.

Each SDA must have a Private Industry Council (PIC), which is responsible for setting policy and overseeing training programs for the local SDA, for establishing procedures for developing a job training plan and for selecting a grant recipient and administrative entity to operate the SDA's program, in partnership with local elected officials.

A majority of each PIC's members—and its chairman—must be from the private sector. Private-sector PIC members must reasonably represent the industry and demographic make-up of the local business community; representatives of small business and minority enterprises should be included. Because they know best the skills required for jobs available now and those expected in the future, these private-sector PIC members provide vital input on the kind of training JTPA participants should receive. Likewise, PIC members from educational institutions, organized labor, rehabilitation agencies and economic development organizations serve to ensure that other community needs are addressed by local training programs. The Governor must certify that the membership of each PIC meets all the composition requirements specified in JTPA.

The PIC and chief elected officials in each SDA are responsible for developing the local job training plan, which must be approved by the Governor. Each SDA plan covers two program years, describes the job training services to be provided, identifies the participants to be served, sets performance standards, shows how the local plan will comply with the Governor's statewide coordination plan, specifies fiscal control procedures and requires the submission of an annual report to the Governor.

JTPA'S PERFORMANCE STANDARDS

Job training programs funded under JTPA must meet performance standards set forth by the U.S. Secretary of Labor. JTPA stipulates that the major goals of its programs should be to place participants in unsubsidized private-sector jobs, increase their earnings and reduce their dependency on public assistance. JTPA also provides that, in setting national performance standards, the Labor Secretary should prescribe variations in performance standards for training programs serving special population groups, and Governors are given the authority to vary the performance standards set by the Secretary within established limits so that they take into account the local economic conditions and the characteristics of program participants within an SDA.

The performance standards now in effect nationwide for programs serving adults require that 55 percent of the participants in a JTPA program should be placed in private-sector jobs after training; that the per person cost of training and placing participants in jobs should not exceed $5,704; that the average wage of program participants should be $4.91 when they are placed in jobs; and that 39 percent of program participants on welfare should be placed in jobs after training.

The nationwide performance standards for programs serving youth require that 41 percent of JTPA participants should be placed in jobs after training; that 82 percent of youth participants should acquire the basic skills necessary for employment or achieve such other successful outcomes as returning to school, entering the military or an apprenticeship; and that the per person cost of a positive outcome should not exceed $4,900.

When an SDA fails to meet performance standards, the Governor must provide it with technical assistance. A Governor is required to impose a reorganization plan for any SDA that fails to meet performance standards two years in a row.

THOSE SERVED BY JTPA

Under Title II-A of JTPA, funds are authorized for training disadvantaged adults and youth.

Title II-A funds are distributed to the Governor of each State according to a formula which gives equal weight to three factors: a State's share of the total low-income population; its share of the total number of unemployed persons living in areas with unemployment rates of at least 6.5 percent for the previous 12 months; and the relative number of unemployed persons in excess of 4.5 percent of the State's civilian labor force.

Eligibility for services provided under Title II-A is limited to the economically disadvantaged, defined as welfare and food stamp recipients, foster children, certain handicapped individuals and persons with incomes below either the Office of Management and Budget (OMB) poverty line or 70 percent of the Bureau of Labor Statistics (BLS) lower living standard income level. Up to 10 percent of those participating in Title II-A programs may be individuals who, while not economically disadvantaged, have encountered barriers to employment, such as those with limited English-speaking ability, displaced homemakers, school dropouts, teenage parents, the handicapped, older workers, veterans, criminal offenders, alcoholics or drug addicts.

Each SDA must use at least 40 percent of its Title II-A funds to train disadvantaged youth between the ages of 16 and 21.

Under JTPA, each State is required to set aside a portion of its Title II-A funds to run training programs for economically disadvantaged workers who are 55 years of age or older. These programs are to be developed in conjunction with SDAs around each State and should be designed to open private-sector employment opportunities to older workers.

Under Title II-B of JTPA, funds are authorized for a separate summer youth employment and training program, which provides on-the-job training, work experience and support services for economically disadvantaged youth during the summer months. An SDA may opt to make 14- and 15-year-olds eligible for II-B training programs.

Under Title III of JTPA, funds are provided for training the structurally unemployed—those displaced as industrial production levels and techniques change who will not return to their former jobs or occupations. Seventy-five percent of Title III funds are distributed each year to the States according to a formula that takes into account the number of unemployed persons and the length of time they have been jobless. The remaining 25 percent of Title III funds are awarded each year at the discretion of the U.S. Secretary of Labor to underwrite specific retraining programs that may be proposed by states.

States are required to match equally their allotment of federal Title III funds, which may be used to underwrite such activities as job search assistance, training for new jobs, support services and relocation assistance. States with high unemployment have a reduced matching requirement.

Title IV of JTPA authorizes funds for a number of programs administered at the national level by the Secretary of Labor. Specific amounts are set aside for assistance to Native Americans and migrant and seasonal farmworkers under Title IV-A. Under Title IV-B, funds are authorized for the Job Corps, the national program of residential and non-residential centers for the training and education of disadvantaged young people. Title IV-C of JTPA provides a set-aside of funds for an employment and training program for Vietnam-era and recently separated veterans and for veterans with service-related disabilities. Under Title IV-D, the Secretary is authorized to conduct multi-state programs, pilot projects, evaluation and research and to provide training and technical assistance. Title IV-E authorizes a federal labor market information system, including a job bank program, and reauthorizes the National Commission for Employment Policy, which is charged with reviewing and evaluating national employment and training policy.

JTPA also revised the Employment Service, which is principally funded by the federal unemployment tax. JTPA provides a new formula for the allocation of Employment Service funds, which States use for job search, placement and recruitment services for job-seekers and employers and for such other activities as program evaluation, labor market and informational systems and services for dislocated workers. Under JTPA,

two-thirds of each State's Employment Service allotment is based on the relative number of persons in the civilian labor force, and one-third is based on the relative number of unemployed individuals.

INDIANA'S SHARE OF JTPA FUNDS

JTPA required its job training programs to operate on a program year basis, from July 1 to June 30, rather than concurrently with the federal fiscal year, which runs from October 1 to September 30. The program-year system was designed to give job training program planners additional time between the setting of JTPA funding levels by Congress (usually just before the start of a new fiscal year) and the beginning of program operations. The JTPA program year system serves to provide program stability that was lacking under CETA.

During the initial nine-month transition to the full program year (from October 1, 1983, through June 1984), Indiana received $76 million in federal JTPA funding. This total included $38.4 million for training the economically disadvantaged, $22.4 million for summer youth programs, $3.4 million for retraining programs for dislocated workers (or $2.2 million in formula-allocated Title III funds and $1.2 million in discretionary funds awarded by the Labor Secretary), $801,000 for the JTPA migrant worker program and $10.9 million, for employment services. During the transition period, Indiana's matching contribution for dislocated worker programs was $1.3 million.

More than 39,000 people participated in JTPA during the first nine months of the program in Indiana. In that period, over 18,000 Hoosiers received classroom training, another 6,000 were given on-the-job training and fully 9,000 workers around the State successfully completed training and were placed in jobs.

For the 1984 JTPA program year that ran from July 1984 through June 1985, Indiana received $94.3 million in federal JTPA funds, including $46.8 million for training of the economically disadvantaged, $8.6 million for retraining of dislocated workers (or $4.8 million in Title III formula funds and $3.8 million in discretionary awards from the Labor Secretary), $1 million for seasonal farmworkers, $22.4 million for summer youth job programs and $15.4 million for employment services. Indiana contributed $2.5 million for displaced worker programs during the 1984 program year.

During the 1985 JTPA program year, which begins July 1 and ends next June 30, Indiana is scheduled to receive over $89 million in federal JTPA funds. This total includes $46 million for Title II-A training programs for the economically disadvantaged, $21.7 million for Title II-B summer youth programs, $4.7 million as the State's share of formula-allocated Title III funds for dislocated worker programs, $1 million for the migrant farmworker program and $15.5 million for employment services. The State's matching contribution for the formula-allocated Title III funds will be $2.8 million. In addition, Indiana's share of federal JTPA funds for dislocated worker programs may be supplemented by discretionary awards to be made by the Secretary of Labor during the 1985 program year.

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Ronald Harms, Owner, Otto's Gas Company, Brazil.

Henry Hart, Attorney, Law offices, Knox.

Lisa Hartman, Administrative Secretary, English Department, Purdue University, West Lafayette.

The Honorable Bob Haskett, Mayor, Peru.

Lois Haynes, Program Coordinator, UAW-Madison Center, Dislocated Worker Project, South Bend.

Dave Heilman, Site Manager, Tau Laboratories, Kokomo.

Bill Henry, Executive Director, Kokomo Opportunities Industrialization Center, Kokomo.

Charles Hewitt, Program Participant, Greentown.

Steve Hinkle, Executive Director, Association for Retarded Citizens of Allen County, Inc., Fort Wayne.

Sharon Hiser, Caseworker, Randolph County Department of Walfare, Winchester.

Philip Hoff, President, Employment and Developmental Systems, Inc., Frankfort.

Betsy Horowitz, Director, PIC Re-Employment Center, Evansville.

C. Thomas Houghtby, Personnel Director, Peerless Gear and Machine Division, Salem.

Darrell L. Houk, Program Participant, Muncie.

David E. Huddleston, Central District Director, Indiana Employment Security Division, Indianapolis.

The Honorable William H. Hudnut, III, Mayor, Indianapolis.

Connie Humbarger, President, Best Distributing, Inc., Lafayette.

The Honorable Charles G. Hunter, Mayor, New Albany.

Gloria Jablonski, Program Participant, South Bend.

Clayton Jackson, Director, Marion Urban League, Marion.

Kathy Jackson, Employment Program Director, Area XI, Agency on Aging, Columbus.

Jay (Ernie) Jax, Area Leader, Indiana Green Thumb, West Lafayette.

Dave Jeffers, Program Participant, Seymour.

Patricia Jewell, Executive Director, Council for the Aging and Aged, Inc., New Albany.

Alan D. Johnson, Manager, Indiana Employment Security Division, Muncie.

Gary Johnson, Program Participant, Evansville.

R. D. Jones, Plant Manager, Franklin Electric, Jonesburo.

Reuben Jones, Benefit Representative, UAW-Local 977, Marion.

Ed Judd, Vice President of Manufacturing, Regal Rugs, Inc., North Vernon.

Kim Kaiser, Program Participant, Columbus.

Swadesh S. Kalsi, Corporate Counsel, Cummins Engine Company, Columbus.

Dave Keener, Owner Industrial Machine, Hayden.

Mariella Kelly, Personnel Administrator, Kingston Products, Kokomo.

David Kiely, Executive Directors, Developmental Services, Inc., Columbus.

Richard C. Kilborn, President, Blue Shield of Indiana, Indianapolis.

Larry Kleeman, Executive Director, Lincoln Hills Development Center, Tell City.

Wally Laird, Farm Services Director, WLQI-WRN Radio, Rensselaer.

Gerald I. Lamkin, President, Indiana Vocational Technical College, Indianapolis.

Fred Lanaham, Manager, Indiana Employment Security Division, Terre Haute.

Burt Langer, Owner, Fetla's Bargain Center, Valparaiso.

Saranettia Lang-Lampkin, President and Chief Executive Officer, Lake County Job Training Partnership Corporation, Gary.

Gary Leavell, Assistant Local Office Manager, Indiana Employment Security Division, New Albany.

Mindy M. Lewis, Public Affairs Manager, Cummins Engine Company, Inc., Columbus.

Dr. John Lightle, Assistant Business Manager, Marion Community School Corporation, Marion.

Patricia Lynn, Vice-President, GrayCon Tools, Inc., Wabash.

Kathy Lyons, Lead Counselor, Indiana Vocational Rehabilitation Division, Lafayette.

John McClean, Director, Howard County Public Welfare, Kokomo.

George McCullough, Labor Representative, United Way of Terre Haute, Terre Haute.

Gerald E. McCullum, Superintendent, Scott County School District #2, Scottsburg.

The Honorable Alice T. McIntosh, Councilwoman, Muncie.

Rebecca L. McKinney, General Manager, McKinney's Flowers, Inc., Lafayette.

Michael L. Madalon, Director, Lake County Department of Public Welfare, Gary.

The Honorable Sonya Margerum, Mayor, West Lafayette.

Michael J. Martin, Associate, Scott Financial Organization, Warsaw.

Joseph C. Matthews, II, Executive Director, Indiana Opportunities Industrialization Centers of America, Inc., Indianapolis.

Tim Mayer, General Manager, Channel-Kor-Systems, Inc., Bloomington.

David Middleton, Director/Principal, Anderson Area Vocational-Technical School, Anderson.

Thomas G. Millea, Employment and Training Director, Hoosier Falls Private Industry Council, Jeffersonville.

Carla Miller, Program Participant, Hartford City.

Harriet Miller, Executive Director, Fort Wayne Women's Bureau, Fort Wayne.

Jan Miller, Outreach Worker, Center for Mental Health, Anderson.

Dr. Lynne Miller, Assistant Superintendent for Curriculum, South Bend Community School Corporation, South Bend.

Thomas P. Miller, Director, Indiana Employment Security Division, Indianapolis.

Marsha Million, Program Participant, Flora.

Arthur L. Minnefield, Quality Assurance Manager, Magnetic Products, Anderson.

Carlotta J. Mitchell, Director of Aging Services, Hoosier Uplands Corporation, Area XV, Agency on Aging, Mitchell.

Frank Morrison, Director, Upper Wabash Area Vocational School, Wabash.

The Honorable Gene Moore, Mayor, Marion.

Sharon Moore, Program Participant, Indianapolis.

Shirley L. Moore, Program Participant, Munice.

The Honorable Carolyn Brown Mosby, State Senator, Gary.

Emmett Mosley, Organizer, United Citizens Organization of East Chicago, Inc., East Chicago.

The Honorable John M. Mutz, Lieutenant Governor, Indianapolis.

Steve M. Name, Program Participant, West Lafayette.

David Nelson, Vocational Rehabilitation Counselor, Indiana Vocational Rehabilitation Services, Muncie.

The Honorable Frank E. Newkirk, Sr., Mayor, Salem.

Michael Nose; Supervisor, SONOCO, Marion.

Marsha M. Oliver, President, Indianapolis Alliance for Jobs, Inc., Indianapolis.

The Honorable Dale L. Orem, Mayor, Jeffersonville.

The Honorable Robert D. Orr, Governor, Indianapolis.

The Honorable Bruce Osborn, Tippecanoe County Commissioner, Lafayette.

Greg Pacheco, Program Participant, Columbus.

Nila Parise, Program Participant, Kokomo.

Peggy Litty Pate, Program Participant, Evansville.

Randy Pease, Personnel Manager, AM General, Mishawaka.

Thomas A. Pfister, Personnel Manager, Wheel-Tek, Fremont.

Lewis A. Plane, Manager, Executive Employment, Mead, Johnson and Company, Evansville.

The Honorable Floyd Podell, Pulaski County Commissioner, Winamac.

John C. Porter, Union Liaison Officer, Joint Job-Search Center: Local 1010, AFL-CIO, and Inland Steel Company, Hammond.

Bill Preston, Program Participant, Upland.

Gale Prewitt, Lead Counselor, Indiana Rehabilitation Services, Vocational Rehabilitation Division, Seymour.

John Pruett, Director of Regional Services/Employee Relations, Indiana Vocational Technical College—Region V, Kokomo.

Joann Reed, Program Participant, Evansville.

Dr. Robert Read, President, Portland Teledyne Forge, Portland.

Melvin Reed, P.C., Attorney, President, Board of Directors, South Bend Community OIC, Inc., South Bend.

Kenneth Reherman, Program Participant, Evansville.

Robert Renner, Chairman of the Board, Citizens State Bank, Hartford City.

Carmen Rettzo, Labor Union 4889 U.S.W.A., Fairless Hills, Pennsylvania.

Clark L. Rhodehamel, Owner/Manager, Como Service, Portland.

Rhonda Rhodes, Program Participant, Indianapolis.

The Honorable James Riehle, Mayor, Lafayette.

John Rivera, Executive Director, United Mexican-Americans, Inc., Benito Juarez Cultural Center, Fort Wayne.

G. Edwin Robinson, Rehabilitation Director, Goodwill Industries of Michiana, Inc., South Bend.

Mark Rodrigues, Manager, Industrial Development Division, South Bend-Mishawaka Area Chamber of Commerce, South Bend.

The Honorable William D. Rose, Mayor, Vincennes.

Stephenie Ross, Area Director, Indiana Rehabilitation Services, Fort Wayne.

Beverly A. Rousey-Smith, Program Participant, Pekin.

Dr. Joseph Russel, Dean, Office of Afro American Affairs, Indiana University, Bloomington.

Margo Sanida, Executive Director, Indiana Center for Adult Education, Portage.

Marc C. Scharnowske, Executive Director, Madison County Employment and Training Administration, Anderson.

Donald E. Scheiber, Liaison Representative, AFL-CIO Community Services, United Way of Lafayette, Lafayette.

Alice Schnur, Project Coordinator, WING Program, Indianapolis.

Jack W. Schrey, Former Chairman of the Board, Magnavox Government & Industrial Electronics Company, Fort Wayne.

Lincoln Schrock, Coordinator, Indiana Northeast Development, Fort Wayne.

Diann Shappell, Executive Director, Northeast Area III, Council on Aging, Inc., Fort Wayne.

Steve Shuel, Ownes Schuel Advertising, Indianapolis.

Judith A. Smith, Program and Activities Manager, Delaware/Blackford Job Training Partnership Agency, Muncie.

Irving Smith, President, Muncie NAACP, Muncie.

Jim Snavely, President, Snavely Machine and Manufacturing Company, Wabash.

Richard Snyder, Director, Veterans Employment Council, Terre Haute.

The Honorable N. Atterson Spann, Lake County Board of Commissioners, Crown Point.

Kline (Bill) Sprague, Labor Relations Supervisor, Chrysler Corporation, Kokomo.

Rebecca Stanley, Manager, Indiana Employment Security Division, Columbus.

Byron Steele, Quality Assurance Supervisor, Hoover Universal, Washington.

Jerry L. Stephenson, Executive Director, hoosier Valley Economic Opportunity Corporation, Jeffersonville.

Glenn D. Stevens, Executive Director, Elkhart Youth Services Bureau, Elkhart.

Barbara J. Street, Executive Director, Administrative Entity, Community and Family Services, Inc., Job Training Program, Portland.

Clarence S. Stuart, President, Sentry Manufacturing, Fort Wayne.

Dr. Phillip M. Summers, President, Vincennes University Junior College, Vincennes.

Meredith Thompson, Director, Vocational Education, Bartholomew Consolidated Schools, Columbus.

Carol Tomlinson, Advocacy Program Director, Area VI, Agency on Aging, Muncie.

Leo R. Toupin, Vice President of Industrial Relations, Jeffboat, Inc., Jeffersonville.

Connie Trout, Program Coordinator, Interlocal Association, Occupational Development Center, New Castle.

Gary F. Tyler, Executive Vice President, Clark County Chamber of Commerce, Jeffersonville.

Karen Tyler, Grant Administrator, South Central Private Industry Council, Indianapolis.

Max Updike, Director of Federal Programs, Fort Wayne Community Schools, Fort Wayne.

Roy Vanderford, Executive Director, Southwest Indiana Private Industry Council, Evansville.

The Honorable Michael D. Vandeveer, Mayor, Evansville.

Patty VanSickel, Administrator, Greenwood Convalescent Center, Greenwood.

Mary Alice Veal, Job Readiness Instructor, Area X, Agency on Aging, Bloomington.

Annette Vincent, Program Participant, Evansville.

Paul Wagner, President, Bona Vista Rehabilitation Center, Kokomo.

John W. Walls, President, Indiana State Chamber of Commerce, Indianapolis.

George Wappes, Manager, Lyall Electric, Inc., Kendallville.

Skip Ward, Branch Manager, Whiteford Kenworth, Kokomo.

D.W. Weaver, Manager, General Electric, Fort Wayne.

Theo Webb, Senior Vice President, Home Federal Savings Bank, Seymour.

Paul Wildridge, Office Manager, Indiana Employment Security Division, Lafayette.

Jeff Wilk, Director, Monroe County Youth Shelter, Bloomington.

Samuel L. Woehler, Employment Manager, George Koch Sons, Evansville.

Edward A. Wolking, President, Chamber of Commerce, Columbus.

Linda Woloshansky, Executive Director, Kankakee Valley Job Training Program, Inc., LaPorte.

SUMMARY OF INDIANA JTPA FUNDING

[Dollars in millions]

| | Fiscal year 1983 [1] | Transition period | Program year 1984 | Program year 1985 [2] |
|---|---|---|---|---|
| Economically disadvantaged | | 38.398 | 46.838 | 46.030 |
| Summer youth | | 22.451 | 22.404 | [2] 21.774 |
| (Supplemental) | | (5.000) | (4.953) | [2] (4.683) |
| Dislocated worker: | | | | |
| Formula | [3] 2.632 | [3] 2.200 | [3] 4.811 | [3] 4.772 |
| Discretion | 2.000 | 1.216 | [4] 3.806 | 1.200 |
| | 4.632 | 3.416 | 8.617 | 5.972 |
| Migrant and seasonal farmworker | | .801 | 1.075 | 1.075 |
| Total training | 4.632 | 65.066 | 78.934 | 74.851 |
| Employment Security | | 10.933 | 15.360 | 15.580 |
| Total JTPA | 4.632 | 75.999 | 94.294 | [2] 90.431 |

[1] Only title III, Dislocated Worker Program, was funded in fiscal year 1983.
[2] Estimate.
[3] Indiana's required match for title III, formula funds: Fiscal year 1983 $.259, transition period $1.320, prior year 1984 $2.500, prior year 1985 $2.863.
[4] DOL established a two-for-one match requirement on $700,000 discretionary grant to serve dislocated steel workers. Match is $350,000.

JOB TRAINING PARTNERSHIP ACT ALLOCATIONS FOR PROGRAM YEAR 1985, INDIANA JTPA SERVICE DELIVERY AREAS COMPARISON WITH PROGRAM YEAR 1984

| Service Delivery Area (SDA) | Program year 1984 II-A total | Program year 1985 II-A total | Program year 1985 as percent of Program year 1984 | Program year 1985 II-A youth | Program year 1985 II-A adult | Program year 1985 older workers |
|---|---|---|---|---|---|---|
| Lake County job training | 4,855,727 | 4,966,036 | 102.27 | 2,085,681 | 2,764,739 | 115,616 |
| Kankakee Valley Job Training | 2,094,999 | 2,266,711 | 108.20 | 862,268 | 1,348,675 | 55,768 |
| St. Joseph County Job Training | 1,411,463 | 1,362,972 | 96.56 | 458,950 | 852,335 | 51,687 |
| Northern Indiana Job Alliance | 1,443,474 | 893,946 | 61.93 | 309,623 | 527,195 | 57,128 |
| Northeast Indiana | 3,377,439 | 3,088,749 | 91.45 | 1,197,958 | 1,796,938 | 93,853 |
| Tecumseh Area Partnership | 1,632,857 | 1,506,489 | 92.26 | 654,048 | 799,393 | 53,048 |
| North Central Indiana | 1,823,461 | 1,365,532 | 74.89 | 472,494 | 839,990 | 53,048 |
| Madison-Grant | 1,557,161 | 1,387,583 | 89.11 | 548,833 | 789,783 | 48,967 |
| East Central Indiana | 1,975,148 | 1,836,273 | 92.97 | 795,718 | 972,545 | 68,010 |
| Western Indiana | 1,386,536 | 1,510,170 | 108.92 | 518,688 | 922,112 | 69,370 |
| Circle Seven | 1,589,339 | 1,599,733 | 100.65 | 533,247 | 990,315 | 76,171 |
| Marion County | 5,254,359 | 5,548,371 | 105.61 | 2,302,006 | 3,051,497 | 195,868 |
| Southeastern Indiana | 2,213,521 | 2,334,835 | 105.48 | 718,420 | 1,526,642 | 89,773 |
| Shawnee Trace | 1,822,175 | 1,920,874 | 105.42 | 545,250 | 1,272,249 | 103,375 |
| South Central Indiana | 1,729,360 | 1,682,607 | 97.30 | 730,241 | 892,517 | 59,849 |

JOB TRAINING PARTNERSHIP ACT ALLOCATIONS FOR PROGRAM YEAR 1985, INDIANA JTPA SERVICE DELIVERY AREAS COMPARISON WITH PROGRAM YEAR 1984—Continued

| Service Delivery Area (SDA) | Program year 1984 II-A total | Program year 1985 II-A total | Program year 1985 as percent of Program year 1984 | Program year 1985 II-A youth | Program year 1985 II-A adult | Program year 1985 older workers |
|---|---|---|---|---|---|---|
| Southwest Indiana | 1,777,633 | 1,982,796 | 111.54 | 663,510 | 1,232,234 | 87,052 |
| Hoosier Falls | 1,967,030 | 2,009,134 | 102.14 | 655,357 | 1,272,165 | 81,612 |

TITLE II-A (78%—THIRD QUARTER, PROGRAM YEAR 1984 (JULY 1, 1984 to MARCH 31, 1985) TABLE I—ADULT PERFORMANCE STANDARDS

| | Adult performance standards | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Entered employment rate (percent) | | Welfare entered employment rate (percent) | | Cost per entered employment | | Average wage at placement | |
| | Actual | Predicted range | Actual | Predicted range | Actual | Predicted range | Actual | Predicted range |
| Lake | 62 | 44–51 | 45 | 30–35 | 12,014 | 8,861–11,463 | 6.04 | 4.82–5.16 |
| Kankakee | 70 | 53–62 | 58 | 36–42 | 3,649 | 5,651–7,310 | 5.13 | 4.63–4.97 |
| Michiana | 75 | 57–67 | 63 | 36–42 | 2,529 | 4,093–5,294 | 5.56 | 4.56–4.90 |
| Northern Ind. | 85 | 55–65 | 79 | 38–44 | 2,709 | 3,728–4,823 | 5.15 | 4.49–4.81 |
| Northeast | 88 | 55–65 | 74 | 38–44 | 2,356 | 5,243–6,782 | 4.80 | 4.50–4.82 |
| Tecumseh | 93 | 60–70 | 92 | 41–48 | 2,071 | 2,758–3,568 | 4.71 | 4.51–4.83 |
| North Central | 92 | 51–60 | 90 | 35–41 | 2,275 | 5,341–6,909 | 4.73 | 4.77–5.11 |
| Madison/Grant | 66 | 51–59 | 34 | 34–40 | 3,409 | 6,970–9,016 | 4.72 | 4.92–5.28 |
| East Central | 84 | 55–64 | 76 | 37–43 | 2,478 | 6,559–8,485 | 4.91 | 4.59–4.93 |
| Western | 73 | 56–66 | 69 | 38–45 | 2,676 | 4,556–5,894 | 5.41 | 4.58–4.92 |
| Circle Seven | 91 | 58–68 | 89 | 39–46 | 1,625 | 4,416–5,712 | 5.01 | 4.27–4.59 |
| Marion County | 68 | 53–62 | 60 | 43–51 | 3,762 | 4,424–5,723 | 4.47 | 4.73–5.07 |
| Southeastern | 98 | 53–62 | 94 | 36–42 | 1,186 | 4,622–5,978 | 4.81 | 4.57–4.91 |
| Shawnee | 83 | 54–64 | 77 | 37–43 | 1,768 | 4,277–5,532 | 4.65 | 4.52–4.84 |
| South Central | 87 | 55–64 | 74 | 37–43 | 2,022 | 5,484–7,093 | 4.90 | 4.62–4.96 |
| Southwest | 88 | 55–64 | 80 | 37–43 | 2,965 | 4,530–5,860 | 4.62 | 4.70–5.04 |
| Hoosier Falls | 73 | 47–55 | 58 | 32–37 | 2,432 | 8,511–11,010 | 4.38 | 4.19–4.49 |
| Statewide totals | 81 | 53–62 | 70 | 41–48 | 2,691 | 6,101–7,892 | 4.74 | 4.52–4.84 |

Note.—Actual performance for an SDA may be compared to the predicted range for that SDA but comparisons between SDA's are not valid.

Source: IOOD's Automated Management Information System.

TITLE II-A (78%)—THIRD QUARTER, PROGRAM YEAR 1984 (JULY 1, 1984 to MARCH 31, 1985) TABLE II—YOUTH PERFORMANCE STANDARDS

| | Youth performance standards | | | | | |
|---|---|---|---|---|---|---|
| | Entered employment rate (percent) | | Positive Termination rate (percent) | | Cost per positive termination | |
| | Actual | Predicted range | Actual | Predicted range | Actual | Predicted range |
| Lake | 49 | 28–41 | 75 | 68–74 | 11,245 | 3,624–5,236 |
| Kankakee | 54 | 37–54 | 64 | 65–71 | 4,672 | 3,935–5,686 |
| Michiana | 68 | 32–47 | 84 | 65–71 | 2,860 | 3,690–5,333 |
| Northern Ind. | 79 | 38–56 | 81 | 72–78 | 4,114 | 3,208–4,635 |
| Northeast | 76 | 39–57 | 85 | 68–74 | 2,474 | 3,914–5,655 |
| Tecumseh | 81 | 38–55 | 90 | 71–77 | 3,883 | 3,065–4,429 |
| North Central | 73 | 34–51 | 81 | 67–73 | 2,780 | 3,524–5,092 |
| Madison/Grant | 63 | 39–57 | 76 | 66–72 | 5,841 | 4,218–6,094 |
| East Central | 62 | 30–44 | 87 | 73–79 | 3,099 | 2,765–3,995 |
| Western | 69 | 37–54 | 76 | 69–75 | 4,680 | 3,697–5,343 |
| Circle Seven | 92 | 40–58 | 94 | 74–79 | 1,673 | 3,102–4,483 |
| Marion County | 64 | 33–48 | 65 | 64–70 | 3,302 | 3,615–5,223 |
| Southeastern | 84 | 32–48 | 86 | 70–76 | 2,856 | 3,427–4,952 |
| Shawnee | 79 | 38–56 | 83 | 68–73 | 1,840 | 3,749–5,418 |
| South Central | 65 | 29–42 | 79 | 72–78 | 2,708 | 2,973–4,296 |
| Southwest | 74 | 36–53 | 93 | 70–76 | 3,577 | 3,331–4,813 |
| Hoosier Falls | 33 | 22–32 | 52 | 77–84 | 4,673 | 3,176–4,589 |
| Statewide totals | 69 | 33–49 | 77 | 74–81 | 3,454 | 3,465–5,007 |

Note.—Actual performance for an SDA may be compared to the predicted range for that SDA but comparisons between SDA's are not valid.

Source: IOOD's Automated Management Information System.

## ENGLISH AS THE OFFICIAL LANGUAGE

● Mr. SIMON. Mr. President, the other evening when we were getting close to the evening adjournment and we had already been working late, my respected friend, Senator JAMES MCCLURE from Idaho, introduced an amendment declaring English the official language of the United States.

Senator PETE DOMENICI of New Mexico and I both indicated that we were not going to ask for a rollcall but wanted to indicate that we were opposed to it. The resolution carried by voice vote.

It is one of those little things that senselessly and needlessly irritates different sections of the United States.

The reality is that to get by in our country, you have to be able to speak English, and we ought to be doing everything we can to encourage people who do not speak English to speak it.

But we do that not by passing resolutions like this, but by having adult education programs that help to teach people English. I do not refer to Senator MCCLURE when I say that some of those who make eloquent speeches about the importance of English being the official language are the same people who refuse to vote funds to teach people the English language.

And the reality is that in Puerto Rico, our fellow American citizens, the official language is Spanish.

In New Mexico, both English and Spanish are official languages.

We solve the problems of division on the basis of language by having constructive programs that move on the problem, not by adopting meaningless resolutions by which we pretend that we're really doing something.●

## CONGRATULATING THE PEOPLE OF CYPRUS ON THE 25TH ANNIVERSARY OF THEIR INDEPENDENCE AND ESTABLISHING A CYPRUS COOPERATIVE DEVELOPMENT FUND

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate turn to Senate Resolution 68, congratulating Cyprus on its 25th anniversary of independence, reported out of the Foreign Relations Committee today.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A resolution (S. Res. 68) congratulating the people of Cyprus on the 25th anniversary of their independence, and supporting the establishment of a Cyprus Cooperative Development Fund to foster improved intercommunal relations on Cyprus.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution which had been reported from the Committee on Foreign Relations, with an amendment: On page 2, strike line 4 through and including line 8 on page 3, and insert:

(b) It is the sense of the Senate that the United States reaffirms its continuing commitment to a just resolution of the Cyprus dispute, and its support for the efforts of the Secretary-General to bring peace to that troubled nation.

Mr. LUGAR. Mr. President, I offer my congratulations to the people of the Republic of Cyprus who are celebrating the 25th anniversary of their country's independence. In its short history, the Republic of Cyprus has clearly demonstrated that it is a good friend of the United States. Its humanitarian assistance during the recent TWA hostage crisis as well as during the evacuation of U.S. marines wounded in the Beruit terrorist attack are only the most recent examples of this friendship.

As we all know, the short history of the Republic of Cyprus has been marred by conflict. While Cyprus today remains divided, both the Greek Cypriots and the Turkish Cypriots look with hope on the positive developments that have occurred in the intercommunal talks in 1985 as a sign that they may have true reason for celebration in the near future.

In January 1985, leaders of the Greek Cypriot and Turkish Cypriot communities met for their first face-to-face discussions in 6 years, U.N. Secretary General Perez de Cuellar was successful in arranging such "proximity talks" and the subsequent summit as part of the U.N. initiative on the Cyprus dispute. While the January summit ended inconclusively, the mere convocation of such a summit in New York was a significant step forward in the effort to reach a peaceful and lasting resolution of the conflict. More importantly, the talks established the principles that will be included in any peace document between the two sides.

Since the January summit, the Secretary General has made great efforts to consolidate the principles discussed during those meetings into a document for peace. President Reagan has voiced U.S. support for the efforts of the Secretary General and our conviction that this consolidated document offers the best opportunity for a lasting peace on Cyprus. On September 20, 1985, the U.N. Security Council heard an oral report from the Secretary General. He told the Council that his initiative had brought the positions of the two sides closer than ever before; and he expressed his conviction that what had been achieved thus far should lead to an early agreement on a framework for a just and lasting settlement of the Cyprus question.

The Secretary General's Cyprus initiative is at a delicate stage; but a framework agreement acceptable to both sides is clearly within reach. I believe we have never been closer to reaching a solution on Cyprus, and I commend the Secretary General's efforts to bring us this far toward that goal. Goodfaith efforts on the part of the Greek Cypriots and Turkish Cypriots can and will overcome any remaining obstacles to peace.

On this, the 25th anniversary of the independence of the Republic of Cyprus, I look with hope to the future and believe firmly that all the people of Cyprus will soon be able to enjoy the fruits of a truly independent nation.

Mr. SIMON. Mr. President, today marks the 25th anniversary of the establishment of the Republic of Cyprus. It is a day that we must acknowledge but cannot fully celebrate since we have not yet achieved a peaceful and just settlement in that land.

Cyprus history has been troubled, particularly since the expansion of Turkish occupation in 1974 and the subsequent undesirable political developments in the north. It is discouraging that the Turks have recently taken a series of measures including transforming Parliament to a constituent assembly, drafting a new constitution, and exchanging Ambassadors with Turkey, that seem aimed at consolidating their separateness instead of moving toward a solution along the lines outlined by the Secretary General of the United Nations. In contrast the consolidated documents have been accepted by the Republic of Cyprus's as a basis for negotiations.

Yet, though the momentum of the United Nations process has been temporarily slowed, that process is still underway and there is reason for hope. The people of Cyprus are industrious, intelligent, and remarkable. Though there is political tension, they have shown their willingness to eschew violence and work doggedly for peaceful change. They should be commended for their efforts.

Cyprus has also been a good friend to the United States. Recently it provided critical logistical support for the American peacekeeping forces in Lebanon and it aided the United States in the evacuation of the U.S. forces after the Beirut bombing.

It is time for the United States to reciprocate that friendship and play a more active role in helping to push for a solution in Cyprus. It is not enough to merely issue statements of support. It should be our policy to push for a settlement in Cyprus that provides for majority rule with full minority rights. The United States has not placed sufficient leverage on the Turks to come to an accommodation and make concessions. Certainly one of the best ways to bring peace and stability to the eastern Mediterranean is to get the Turkish troops off Cyprus. We should use our influence and our aid to see that those troops are removed. Then there will truly be cause for celebration.

Mr. PELL. Mr. President, 25 years ago today—on October 1, 1960—the beautiful island of Cyprus in the eastern Mediterranean gained independence from British colonial rule and entered the family of nations as a republic. The early years of Cypriot nationhood, marked by steady tension and occasional violence between the island's Greek and Turkish Cypriot communities, tested the young republic's viability. But for nearly 14 years—until August of 1974—the center held.

To all Cypriots, the events of that tragic summer some 11 years ago remain a vivid memory. A misbegotten coup fomented by the Greek junta in Athens brought an invasion of Turkish forces to avert the plotters' aim, which was enosis—union—between Cyprus and Greece. The immediate result was the restoration of democracy in Athens and of President Makarios in Nicosia. But having played a role which history might have forgiven, Turkish forces quickly shifted to a role that history will severely condemn: The occupation and consolidation of control over a full 40 percent of the Cypriot nation. As this violation of Cypriot sovereignty moved into full gear, tens of thousands of Cypriots became refugees in their own land.

During the 11 ensuing years of occupation and division of their homeland, the citizens of Cyprus have focused their hopes of redress on the United States, Turkey's principal source of military and economic aid, and on the United Nations, which has sought to play a constructive mediating role be-

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tween the two Cypriot communities. Although these hopes have thus far gone unfulfilled, events earlier this year gave promise of progress when U.N. Secretary General Perez de Cuellar brought the leaders of the two Cypriot communities together for a summit. Unfortunately, the Turkish Cypriot leader, Mr. Denktash, quickly dashed any expectation of immediate progress by rejecting the draft settlement agreement which had been crafted by the Secretary General on the basis of previous negotiations.

Although the January summit ended inconclusively, the talks did establish principles that would be included in any future peace agreement. Moreover, the Greek Cypriot leader, President Kyprianou, continued to play an integral and constructive role in Mr. Perez de Cuellar's effort to draft a revised version of the documentation which formed the basis for the January talks. In the process, President Kyprianou made a number of further concessions in hope of eliciting a positive response from Mr. Denktash. As a consequence, the Secretary General succeeded in devising a new draft agreement aimed at bringing greater clarity to points on which Mr. Denktash had balked. In June, Mr. Perez de Cuellar reported to the Security Council that the Greek Cypriot side had replied affirmatively to his revised documentation and that he was awaiting the Turkish Cypriot response to his efforts. Using the language of diplomacy, while pointing implicitly to the Turkish Cypriots, the Secretary General added that:

> Provided both sides manifest the necessary goodwill and cooperation, and agreement can be reached without further delay.

Unfortunately, in August Mr. Denktash rejected the Secretary General's document, indicating that he would not accept the withdrawal of more than 30,000 Turkish troops from Cyrus, although such withdrawal is clearly a threshold requirement for any Cyprus settlement. Mr. Denktash also declared that the results of a May referendum and a June election in his Turkish Cypriot "state" now precluded his acceptance of the principle of a federal Cypriot state. Simultaneously, Mr. Denktash proceeded to implement a new policy of distributing to Turkish Cypriots thousands of acres of land by Greek Cypriots.

Mr. President, these statements and actions leave little doubt of Mr. Denktash's current agenda. By defending the continued presence of Turkish forces, by redistributing Greek Cypriot land in the Turkish-occupied sector, and by refusing to accept the very principle of a federated Cypriot state, the Turkish Cypriot leader is manifesting a plain intention to perpetuate indiefinitely the partition of Cyprus. To this, our response must be equally clear: That such intransigence will not be tolerated.

With the obvious exception of Turkey, all nations of the world refuse to recognize the legitimacy of the Turkish Cypriot "state," which exists only with the support of Turkish troops. It is thus upon both Mr. Denktash and his mentors in Ankara that pressure must now be brought for a reversal of the Turkish position. At this crucial juncture and on this solemn anniversary, let us reaffirm that no effort will be spared—and no opportunity lost—to achieve a restoration of Cypriot unity, a restoration of Cypriot independence, and a restoration of justice to the Cypriot republic.

Mr. TRIBLE. Mr. President, I am pleased that the Senate has turned to consideration of Senate Resolution 68, a resolution of mine marking an anniversary that is a source of both celebration and concern.

Twenty-five years ago today, the Republic of Cyprus won its independence. After a long and arduous process, the Cypriot people won the right of self-determination.

That alone makes today an important occasion. The victory of freedom is a source of celebration for all democratic nations. My resolution recognizes this fact, and congratulates the people of Cyprus on the 25th anniversary of their independence.

For the people of Cyprus, however, the determination to build a nation has been severely tested. The Cypriots have been beset by violence. Their land has been divided. In fact, the Turkish Cypriots have attempted to declare one-half of the island a separate nation. This is unacceptable, and for that reason, Senate Resolution 68 reaffirms America's commitment to bring peace to Cyprus.

Earlier this year, it appeared the prospects for peace seemed brighter. Under the auspices of the United Nations Secretary General, talks were held between Greek-Cypriot and Turkish-Cypriot leaders aimed at establishing a framework for further negotiations toward a peaceful settlement of the Cyprus dispute.

The President of Cyprus has accepted the revised draft agreement which outlines the framework for further talks. The Turkish Cypriots have not. Indeed, they have postponed responding to that draft agreement while proceeding with presidential and parliamentary elections.

This, too, is unacceptable.

These steps on the part of the Turkish Cypriots move us further from a settlement of the Cuprus dispute. They cannot help but make the efforts of the U.N. Secretary General more difficult.

The United States has supported those efforts. I believe we must continue to support them, and Senate Resolution 68 reaffirms our commitment to doing so. I urge its adoption by the Senate.

Mr. HEINZ. Mr. President, today marks the 25th anniversary of the independence of Cyprus. I would like to take this opportunity to congratulate the people of Cyprus on this momentous occassion and reaffirm America's commitment to helping rebuild a free and unified Cyprus.

Clearly, these first 25 years have not been easy ones for the people of Cyprus. In addition to the long and arduous process which led to their independence, the Cypriots have faced continuous strife and hardship throughout these last 25 years.

As Americans, we admire those who perservere in the face of such challenges. We respect those who remain steadfast in their commitment to democracy and freedom. Throughout their first quarter-century of independence, the people of Cyprus have displayed these qualities in abundance. They have not wavered in their search for freedom, and I believe the United States should commend their courage and heroism.

In addition, we must continue to press forward in helping the two communities on Cyprus bring about a just and lasting peace to that troubled island. I congratulate the people of Cyprus on the 25th anniversary of their independence and pray for many future years of peace and prosperity.

Mr. BIDEN. Mr. President, 25 years ago today, after many years of struggling for their independence, the Cypriot people succeeded in establishing the free and independent Republic of Cyprus.

Generations of struggle had left many important issues still unresolved among the Greek and Turkish Cypriots who share the heritage of that beautiful Mediterranean island, but the new nation nevertheless set forth to establish a homeland that would accommodate the interests of all of its inhabitants.

Unfortunately, the Cypriots were not to be left free to devise their own accommodations, on two occasions Turkey threatened to intervene in the affairs of the Republic of Cyprus, and in 1974 finally carried out that threat with a massive military invasion of 40,000 Turkish troops, some 10,000 Cypriots, both Greek and Turkish, died in that invasion, 2,000 Greek Cypriots disappeared but are believed to be still alive today, and the fledgling nation was divided, with 40 percent of the land remaining in the hands of the 20,000 Turkish troops who are still on the island today, 11 long years after that brutally enforced partition. The Turkish invaders have imposed 50,000 settlers from the Turkish mainland upon the lands of 200,000 Greek Cypriots, although more than 80 percent

of the island's people are of Greek ancestry.

So, Mr. President, the Republic of Cyprus remains independent after 25 years among the family of nations, but it can hardly be said to have remained entirely free. A foreign army of occupation still holds nearly half its land behind a wall of bayonets, and a great many of its people remain dispossessed of their ancestral homes. For the great majority of Cypriots, today will be, at best, a melancholy celebration.

Yet we in the United States can still convey our sincere congratulations and our best wishes for 25 years of Cypriot independence, in admiring recognition of the success of the Republic of Cyprus in maintaining its independence under the most difficult imaginable circumstances. It is an achievement that speaks tellingly of the spirit and the endurance of the Cypriot people, and one that still holds the promise for a successful and equitable resolution. That they have clung so tenaciously to their freedom while experiencing such repression for almost half their history as an independent nation strongly suggests, I believe, that in the end they will prevail and regain the total independence that is their undoubted right.

But, Mr. President, it is important, not only for the people of Cyprus themselves but for the United States of America and for the NATO alliance, that the Cypriots be reminded and reassured that they do not stand alone. A free Cypriot democracy deserves the generous support of every free nation, just as an imperious and arrogant Turkey should be reminded at every turn that the removal of the Turkish army of occupation and the restoration of complete Cypriot independence is the necessary price of full Turkish acceptance among the nations of the free world. Along with other Members of the U.S. Senate, that has been my object for the past 11 years, and it should remain the object of this Senate and of the United States until the last Turkish soldier has left the island and the Republic of Cyprus at peace. The moral interests of freedom and democracy, the national interests of the United States and the mutual interests of the NATO nations and inextricably tied to the interests of a free Cypriot people and a fully independent Cyprus.

It is with that message, Mr. President, that we can best celebrate the 25th anniversary of the Republic of Cyprus and send our heartfelt greetings to its much-beleagured but still freedom-loving people.

Mr. GLENN. Mr. President, I rise today to join my colleagues in commemorating the 25th anniversary of the establishment of the Republic of Cyprus. We are all well aware that these 25 years have not been easy ones for the people of Cyprus. I remain extremely concerned by the continued occupation of 40 percent of Cyprus by Turkish troops and by the efforts of the Turkish sector to disassociate itself from the Republic. Of course this action has not been recognized as legitimate by any of the world's nations, except Turkey.

Recently I joined with several of my colleagues in writing to Secretary of State Shultz to reaffirm our support for existing U.N. resolutions upholding the territorial integrity of the Republic of Cyprus and calling for the withdrawal of foreign troops. The letter further urged the administration to redouble U.S. efforts to achieve a peaceful and just resolution of the problems of Cyprus.

I strongly support the efforts of the U.N. Secretary General to bring about a resolution of the Cyprus dispute and trust that the U.S. Government will do everything we can to be cooperative in this regard. Let us hope that the next anniversary observation will be an occasion for a celebration of peace and unity by the Cypriot people.

Mr. ZORINSKY. Mr. President, today I want to draw the attention of my colleagues to the 25th anniversary of the founding of the independent Republic of Cyprus. October 1 marks the Cypriot Independence Day, and I offer this statement in honor of this significant date in Cypriot history, and with sincere hope that the continued efforts of Greek and Turkish Cypriot leaders in negotiating a reunification of Cyprus will be successful.

Twenty-five years ago, Cyprus gained its independence after a long anticolonial struggle. The people of Cyprus established their own state, their own independent republic in which all Cypriots both of Greek and Turkish descent would be free and secure in their homeland. Greek and Turkish Cypriots have always maintained primarily separate cultures and communities, but in 1974, the cultural differences became geographical ones as well when the island-nation was divided along communal lines.

Efforts have been made since the founding of the Republic of Cyprus to develop long-term institutional arrangements that would be accepted by both the Turkish and Greek communities in Cyprus. Little progress occurred before 1974, and following the separation, there has been even less. Possibilities for a reconciliation between Greek and Turkish Cypriots have seemed even more remote since 1983, when the Turkish Cypriot community declared itself the independent "Turkish Republic of Northern Cyprus," a move which the United States has wisely refused to recognize. And repeated efforts under the sponsorship of the United Nations to bring about peace have not met, thus far, with success.

Mr. President, I would like to take this opportunity on the anniversary of the founding of a unified, independent Cyprus to congratulate all Cypriots of both Turkish and Greek origin on an important date in their history, and to urge them on this occasion to focus their efforts on reconciliation and reunification. I also urge the administration to take steps to support the U.N. Secretary-General in his efforts to bring peace to the troubled nation of Cyprus. May all those of good will, everywhere, join today in commemorating the independence of Cyprus and in expressing hope for its unity and prosperity.

Mr. D'AMATO. Mr. President, on October 1, 1960, the island of Cyprus, formerly part of the British Empire, was declared a sovereign independent nation. Today, the people of Cyprus are celebrating the 25th anniversary of that independence. While this should be a joyous occasion, it serves as a painful reminder to both the Greek Cypriots and the Turkish Cypriots that the continued occupation and division of Cyprus precludes the country from enjoying the fruits of this independence. Unfortunately, without a resolution of this ongoing crisis, the people of Cyprus have little independence to celebrate.

During our consideration of this year's foreign assistance bill, we noted Turkey's special responsibility to encourage the peaceful resolution of this conflict. Turkey responded in good faith to our strong message of last year and persuaded Mr. Denktash to meet in summit talks with President Kyprianou for the first time in 6 years. While those talks ended inconclusively, they created a foundation for any peaceful resolution of this conflict. We were all hopeful that this summit process would resume without delay and peace would finally come to this troubled nation.

Unfortunately, this has not occurred. Instead of returning to the summit process, Mr. Denktash has held Presidential and parliamentary elections, as well as a constitutional referendum and has continued to turn over Greek Cypriot-owned land to Turkish Cypriots. We in Congress have expressed our conviction that these actions are counterproductive and prevent the positive summit developments from reaching fruition. However, it is not clear whether this message has been clearly heard by Ankara.

In March 1985, President Kyprianou accepted the draft consolidated agreement for peace that was drafted by U.N. Secretary General Javier Perez de Cuellar from the principles agreed to during the January summit. This consolidated document offers the first real hope for peace on Cyprus and the Secretary General's efforts should be

strongly endorsed by the United States. History demonstrates that, without our encouragement, we will not receive a positive response from Mr. Denktash on this peace vehicle. On this the 25th anniversary of the independence of Cyprus, I urge a reaffirmation of United States support for the Secretary General's efforts and for the current draft of the consolidated document.

Thank you, Mr. President.

Mr. PRESSLER. Mr. President, I am proud to congratulate the citizens of Cyprus, and all those of Cypriot ancestry, on the 25th anniversary of their independence. However, the occasion is also a bittersweet one, because for 11 years Cyprus has been a forcibly divided nation. Families have been divided, Government services have been divided, and the very fabric of Cypriot life has been divided.

That is why it is crucial to remember on this 25th anniversary of the independence of Cyprus that Cyprus' very independence is at stake yet again. The division of Cyprus not only pits as enemies two regional neighbors, but has harmed its citizens, undermined the southern flank of NATO, and led to unnecessary animosities as far afield as the American Congress during debates on military aid ratios for Greece and Turkey.

The resolution before us today is an important benchmark in the continuing struggle to reunite Cyprus. It reaffirms the necessity for direct talks between the Greek-Cypriot and Turkish-Cypriot leaders to establish the groundwork for the eventual reunification of Cyprus. It calls upon the United States to reinforce the efforts of the U.N. Secretary General in these important negotiations, and it sets up a specific strategy for improving relations between these divided people.

In a nation where nearly half the population is under the age of 20, 11 years of fear, warfare, and division is more than half a lifetime to remember. If Cyprus is to be peacefully reunited, both its children and its adults must know their neighbors in friendship and cooperation. A Cooperative Development Fund for Cyprus can help to establish just that sort of mutual and peaceful heritage.

Mr. DODD. Mr. President, I would like to join with my colleagues in congratulating the people of Cyprus on the 25th anniversary of their independence. I join with them in reasserting our strong support for the Republic of Cyprus, and for the efforts of the United Nations Secretary General to bring about a resolution of the Cyprus dispute in accordance with existing U.N. resolutions.

Far too often the Cyprus conflict is dismissed even by well-meaning people as the deep-rooted products of an age-old conflict. But in fact the most pressing problem in Cyprus is not some ancient, irreconcilable dispute, the Turkish occupation of 40 percent of Cyprus is 11 years old. That is the first problem on the Cypriot table. The territorial integrity of Cyprus must be resorted in order for the political community of all Cypriots to be built. And time is short.

Turkey has begun to systematically incorporate occupied Cyprus into Turkey itself. Not only were the Greek Cypriots in this part of the island physically expelled from their homes, but every cultural, social, and religious trace of their history is slowly being eradicated.

In November 1983, a unilateral declaration was made proclaiming the Turkish-occupied area an independent state. Congress immediately went on record opposing this attempt to institutionalize the partition and occupation of Cyprus. But that effort by the Turkish Cypriots, with at least the tacit support of the Turkish Government, was a logical response to a decade of the West's complacency about the Turkish invasion, occupation and partition of Cyprus. That silence and its consequences set a dangerous precedent for American policy.

So as we celebrate today the 25th anniversary of Cypriot independence, let us rededicate ourselves to helping restore the integrity of Cyprus. Let us congratulate the people of Cyprus for their achievements over the past quarter century, and let us encourage all sides toward another achievement: The peaceful and successful resolution of this intolerable partition of a beautiful island.

Mr. ROTH. Mr. President, I would like to take this opportunity to draw to the attention of my colleagues the fact that today marks the 25th national day of the Republic of Cyprus.

Such occasions usually call for celebrations, both official and unofficial. However, there will be few toasts drunk in Cyprus tonight, since 40 percent of that republic's territory remains occupied, as it has been for almost 11 years, by a foreign presence.

For as long as that foreign presence has been on Cypriot territory, this body has striven to reestablish the integrity of the Republic of Cyprus. Our task has been rendered doubly difficult by the fact that, in so doing, we are obliged to deal with two members of the North Atlantic Treaty Organization, one of those two members, Turkey, being the foreign power which still encroaches on Cypriot territory.

This situation is doubly ironic, given the fact that this Nation continues to provide a generous program of military assistance to the Republic of Cyprus. In effect, this means that we subsidize the Republic of Turkey in its continued efforts to undermine our policy on Cyprus.

In the past, I have not hesitated to advocate the withholding of such assistance from Turkey pending Turkish cooperation in the reestablishment of the integrity of the Republic of Cyprus free from foreign intervention.

The task which faces us on Cyprus today remains as formidable as ever it was, but I remain convinced that, if we make a conscious decision to throw our diplomatic efforts into the task, we can yet achieve our often-stated goal, namely, the reestablishment of a Republic of Cyprus. We cannot allow ourselves to be held back by supposed complicating factors. Our commitment to the withdrawal of Turkish forces from Cyprus has been stated openly and frequently. It is only fitting that we mark this 25th national day of the Republic of Cyprus with a renewed commitment to translate our words into actions.

Mr. SARBANES. Mr. President, today marks the 25th anniversary of the establishment of the Republic of Cyprus. Buffeted for centuries by the crosscurrents of great power rivalries, Cyprus achieved international recognition of her national integrity in 1960, becoming a full-fledged member of the community of nations.

The early years in the history of a new republic are inevitably years of trial and challenge; Cyprus has had its own reversals, and in particular was dealt a terrible blow in 1974 when, after just 14 years of independence, the Turkish invasion left hundreds dead and missing and hundreds of thousands displaced, homeless in their own land. The Turkish occupation continues today. For nearly half of its 25 years Cyprus has been a nation divided by military force, the energy and genius of its people diverted from building a just and secure and prosperous nation to repairing the grievous damage which the tragic invasion of 1974 left in its wake.

The situation on Cyprus has been further complicated by Turkish Cypriots' actions, beginning with the unilateral declaration of independence [UDI] in November 1983 to create a separate Turkish Cypriot self-governing entity. No state but Turkey has granted recognition to that "entity"; the United States immediately and vigorously condemned the Turkish-Cypriot action, and has consistently pursued the policy of nonrecognition.

Clearly and regrettably the unilateral Turkish-Cypriot action of 1983 has significantly complicated the already difficult task of restoring the integrity of the Republic of Cyprus on a just, peaceful, and enduring basis. That task has been undertaken by United Nations Secretary General Perez de Cuellar, and it is the policy of our Government to support the Secretary General's efforts. Just 4 weeks ago, in his bimonthly report on progress

toward a negotiated settlement on Cyprus, President Reagan forwarded to the Congress the Secretary General's June report to the Security Council. The President's report of September 3, 1985, reads in part:

Since my previous report, United Nations Secretary General Perez de Cuellar has continued his efforts, begun last fall, to obtain the two Cypriot communities' acceptance of an agreement containing the elements of a comprehensive Cyprus settlement. He endeavored to overcome the difficulties that had arisen during the January 1985 summit meeting by incorporating components of the documentation into a consolidated draft agreement. His expressed intention was to bring greater clarity to its various elements and to devise procedural arrangements for followup action, while preserving the substance of the documentation. The Secretary General reported to the Security Council in June, a copy of which is attached, that the Greek Cypriot side had replied affirmatively to his revised documentation and that he was awaiting the Turkish Cypriot response to his efforts. The Secretary General added that, "provided both sides manifest the necessary goodwill and cooperation, an agreement can be reached without further delay."

The Turkish Cypriots postponed replying to the Secretary General while they proceeded with a constitutional referendum on May 5, a presidential election on June 9, and parliamentary elections on June 23. The Turkish Cypriots stated that the referendum and the elections would not preclude their participation in a federal cypriot state. We have repeatedly registered with both communities our conviction that actions which might impede the Secretary General's efforts to negotiate an agreement should be avoided and have reiterated our policy of not recognizing a separate Turkish Cypriot "state."

Mr. President, on the 25th anniversary of the establishment of the independent Republic of Cyprus, the courageous and industrious people of Cyprus deserve our congratulations and respect. But they deserve more—a chance to live peaceful and prosperous lives, to raise their children and care for their families in a just and stable society. These objectives are not beyond reach. The Secretary-General's plan awaits a positive response from the Turkish Cypriot community. Let us hope that this initiative will bring to an end 11 long years of turmoil and permit all Cypriots once again to live together in peace.

Mr. KENNEDY. Mr. President, today I join Greek-Americans and the citizens of Cyprus in celebrating the 25th anniversary of the independence of the Republic of Cyprus. On this occasion, we are reminded of the deep and abiding commitment of the Cypriot nation to freedom, to justice, and to democracy. We are reminded of the strong and continuing ties between Cyprus and the United States, and of the major contribution those of Hellenic heritage have made to America through their great civilization and political and economic traditions.

But we are also reminded of the continuing tragedy in Cyprus and of the need for a lasting political settlement based on the legitimate rights of both the Greek majority and the Turkish minority. For the last 11 years, the Greek Cypriot population has endured a cruel and repressive occupation by Turkish troops. On this auspicious occasion, the United States must reaffirm its support of the United Nations Secretary General's efforts to resolve by peaceful means the crisis in Cyprus. At this critical time, the United States Government must give the tragic situation in Cyprus a higher priority in our Nation's foreign policy. We must ensure that the illegal occupation by Turkish troops in Cyprus be brought to a prompt and peaceful end.

After years of suffering at the hands of foreign oppressors, the people of Cyprus and the fundamental standards of justice demand no less.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as amended.

The resolution (S. Res. 68), as amended, was agreed to.

The amendments to the preamble were agreed to.

The preamble, as amended, was agreed to.

The resolution (S. Res. 680), as amended, and the preamble, as amended, are as follows:

S. RES. 68

Whereas on October 1, 1985, the Republic of Cyprus will mark the twenty-fifth anniversary of its independence;

Whereas despite the hardship of twenty-five years of strife, the people of Cyprus have remained steadfast in their commitment to a free nation;

Whereas the United States supports the efforts of the United Nations to help reach a framework for bringing a just and lasting peace to that nation;

Whereas the Secretary-General's current initiative on Cyprus has reached a critical stage, as reflected by President Reagan's report to Congress on September 3, 1985: Now, therefore, be it

*Resolved*, That (a) the Senate hereby congratulates the people of Cyprus on the twenty-fifth anniversary of their independence.

(b) It is the sense of the Senate that the United States reaffirms its continuing commitment to a just resolution of the Cyprus dispute, and its support for the efforts of the Secretary-General to bring peace to that troubled nation.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the Secretary of State.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

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

The motion to lay on the table was agreed to.

## BILL PLACED ON CALENDAR—S. 1726

Mr. DOLE. Mr. President, I send a bill to the desk on behalf of Senator LUGAR and ask unanimous consent that it be placed on the calendar.

● Mr. LUGAR. Mr. President, I am introducing a bill to remedy a problem that resulted from the drafting of Public Law 99-83, the International Security Cooperation and Development Act, that was passed by the Congress in late July and signed by the President on August 8 of this year. This bill pertains to section 121(b), the special defense acquisition fund, and specifically refers to the sources of capitalizing this fund.

Mr. President, this bill would repeal the language in section 121(b) of the International Security Cooperation and Development Act which took effect on October 1, 1985. In doing so, the former language of 51(b) of the Arms Export Control Act would be retained in that section and would therefore allow for capitalization of the special defense acquisition fund from the same Department of Defense sources as was formerly authorized.

Both the majority and the minority sponsors of Public Law 99-83 here in the Senate have agreed to the need for this change. Their counterparts over in the House have also agreed to the necessity of this change. It is my understanding that the House will take up this measure as soon as the Senate approves it.●

The PRESIDING OFFICER. Without objection, the bill will be placed on the calendar.

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## AUTHORIZATION OF TESTIMONY OF SENATE EMPLOYEE

Mr. DOLE. Mr. President, I send a resolution to the desk on behalf of myself and the distinguished Senator from West Virginia [Mr. BYRD] and ask for its immediate consideration. it authorizes the testimony of a Senate employee.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A Senate resolution (S. Res. 236) to authorize the testimony of a Senate employee.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

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

The resolution (S. Res. 236) was agreed to.

The preamble was agreed to.

The resolution with its preamble, reads as follows:

S. RES. 236

Whereas, in the case of *United States* v. *Amy Walls, et al.*, Petty Offense Violation No. J0027221/WE40, pending in the United States District Court for the Eastern District of Wisconsin, the defendants have obtained a subpoena for the appearance of David Krahn, Senator Bob Kasten's State director;

Whereas, by the privileges of the Senate of the United States and rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by the judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that the testimony of an employee of the Senate is needful for use in any court for the promotion of justice, the Senate will take such action thereon as will promote the ends of justice consistent with the privileges and rights of the Senate: Now, therefore be it

*Resolved*, That David Krahn is authorized to appear and testify in the case of *United States* v. *Amy Walls, et al.*, except concerning matters which may be privileged.

Mr. DOLE. I move to reconsider the vote by which the resolution was agreed to.

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

The motion to lay on the table was agreed to.

## PRESIDENT BANS KRUGERRAND IMPORT

Mr. DOLE. Mr. President, I inform the Senate that the President today announced the ban on the import of Krugerrands envisioned in his earlier Executive order on South Africa.

It is my hope that all of those who have been attacking the President on this issue and indicating that he was not acting in good faith or was trying to stall will take special note of this Presidential action. It is probably too much to hope that they will acknowledge their error and apologize to the President.

In any case, this Presidential action effectively closes the circle. The President has now put into effect all of the immediate sanctions envisioned in the legislation which was pending before us. By fully joining the Congress on this issue, the President has made it clear to the South African authorities that all Americans speak with one voice aganst apartheid. It should also be increasingly clear that we took the right action in the Senate in deferring further action on S. 995/H.R. 1460.

Mr. President, I point out to my colleagues that this is another indication that when the President made his decision on South Africa, he meant it, and that he has kept his word, as I think everyone knew he would. I indicate to my colleagues on both sides of this very sensitive issue that this is another indication that the President is speaking for the country, for the U.S. Senate, for all of us, and that we applaud his action.

## SENATE AGENDA

Mr. DOLE. Mr. President, I would like to give my colleagues some idea of what may happen for the remainder of the week. I have gone over some of the possibilities. I will point out that we are getting down to the wire on the debt ceiling. We are still hopeful that tomorrow we can get into some appropriations bills, but that has not been determined.

We cannot do reconciliation prior to Thursday.

We have some Executive Calendar nominations, but we need to meet on those.

The Compact of Free Association could be a prospect for tomorrow if we can work out something on that.

Mr. President, I think the urgent business, I am advised by the Treasury Secretary and others in the administration, is the debt limit extension. I doubt that we can move to that tomorrow. We may start on that on Thursday, but, again, on Thursday we have a problem because midafternoon on Thursday about 18 of our colleagues have commitments outside the city. I would guess we could perhaps start on Thursday and complete action on Friday and not have a Saturday session.

Again I would urge my colleagues, those who have indicated to me they would like to adjourn at a reasonable time this year, we are not making much progress. We did not do much last week and we have not done much this week. The prospects for doing a lot this week are not particularly bright.

I know there are problems with the appropriations bills. I hope we can resolve most of those. I hope something can be done quickly.

I am not in a position to indicate precisely what will happen, but I would guess we might find ourselves with the debt limit extension on Thursday and Friday of this week. Hopefully, we can move to appropriations bills, or perhaps the Compact of Free Association.

## ORDERS FOR WEDNESDAY, OCTOBER 2, 1985

ORDER FOR RECESS UNTIL TOMORROW AT 11 A.M.

Mr. DOLE. Mr President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 11 a.m., Wednesday, October 2, 1985.

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

RECOGNITION OF CERTAIN SENATORS

Mr. DOLE. Mr. President, I further ask unanimous consent that following the recognition of the two leaders under the standing order, there be special orders in favor of the following Senators for not to exceed 15 minutes each: Senator GOLDWATER, Senator NUNN, Senator BINGAMAN, and Senator PROXMIRE.

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

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, following the special orders just identified, I ask unanimous consent that there be a period for the transaction of routine morning business, not to extend beyond the hour of 1 p.m., with Senators permitted to speak therein for not more than 5 minutes each.

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

ORDER OF PROCEDURE

Mr. DOLE. Following that, Mr. President, as I have indicated, we will turn to any legislative or executive matter which has been cleared for action. I would guess that if we get into the appropriations bills or the Compact of Free Association tomorrow, we can expect rollcall votes.

Mr. BYRD. Mr. President, I was not in the Chamber when the distinguished majority leader began his discussion of the program, but I heard him say something about Saturday.

Mr. DOLE. There will be no Saturday session.

Mr. BYRD. There will be no Saturday session. I thank the distinguished majority leader.

Mr. DOLE. But very likely a Friday session. I have been advised by Treasury that we are running into problems on the debt limit. I know that there will probably be amendments. There will be a Friday session.

Mr. BYRD. I thank the distinguished majority leader.

## RECESS UNTIL 11 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 11 a.m. tomorrow.

The motion was agreed to; and, at 6:31 p.m., the Senate recessed until tomorrow, Wednesday, October 2, 1985, at 11 a.m.