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SENATE—*Wednesday, December 11, 1985*

(Legislative day of Monday, December 9, 1985)

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

PRAYER

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

Let us pray.

Hast thou not known? Hast thou not heard, that the everlasting God, the Lord, the Creator of the ends of the earth, fainteth not, neither is weary? He giveth power to the faint; and to them that have no might He increaseth strength. Even the youths shall faint and be weary, and the young men shall utterly fall; but they that wait upon the Lord shall renew their strength; they shall mount up with wings as eagles; they shall run, and not be weary; and they shall walk and not faint.—Isaiah 40:28-31.

Everlasting Father, help the Senators to hear these promising words from the prophet Isaiah. Protect them in their weariness of body, mind and emotions, against the breaking point beyond which lies burn out, cyncism, and disillusionment. Protect their spouses from despair through chronic disappointment despite promise after promise that things would be different. Help the Senate find its way to self-discipline which will clothe this body with the dignity—the honor—the greatness—which is its historic precedent. Be present in grace and power today. Prove that You care—that You can enable the Senate to do the impossible. For Your sake, the people's and our families'. 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. There will be a period for routine morning business until 10 o'clock with Senators permitted to speak therein for not more than 5 minutes each.

Following morning business, we shall turn to the consideration of the conference report on House Joint Resolution 372. We hope to dispose of that this morning or sometime early today because there are a number of conferences going on, and we do not want to clutter up the day with a lot of votes to bring people back and forth from conferences.

Also, there is the unanimous consent agreement on S. 1396, the White Earth Indian Reservation bill, of 4 hours. It is hoped we might be able to complete action on that today.

I do not anticipate many rollcall votes. There could be one on the conference report, I am not sure how many on the White Earth Indian Reservation bill—I hope none. We are not encouraging rollcall votes today, we are discouraging them, so if there are matters that can be resolved without rollcalls, it would be helpful to those 40 or 50 Senators who are scattered around the Capitol in various conferences—on the farm bill, reconciliation, the continuing resolution. Those three conferences, I know, involve at least 25 to 35 Senators.

So, Mr. President, there is still that glimmer of hope—I think it is a little brighter than it was yesterday—that good things could happen this week, that we could complete action on the "must" items and maybe adjourn this weekend until the 21st of January. If not, hopefully, no later than Tuesday of next week.

EXPRESSING CONDOLENCES ON THE DEATH OF MARGARET "PEGGY" GOLDWATER

Mr. DOLE. Mr. President, I know that all my colleagues join me in expressing our sincerest sympathy to Senator BARRY GOLDWATER and the Goldwater family on the loss of his wife Peggy. Mrs. Goldwater died early this morning as a result of complications following surgery.

Peggy was BARRY's partner since 1934. She was by his side during his early business career, and throughout his long and distinguished political career. She was an exemplary mother to their two daughters and two sons, and cherished grandmother to their 10 grandchildren.

In today's world, sharing your life with someone for 51 years is a remarkable feat. But BARRY and Peggy GOLDWATER proved that couples can survive life's ups and downs, and do it with a sense of humor and style.

I know that BARRY will deeply miss Peggy's presence and none of us here in the Senate can fill that void. But I'm sure I speak for everyone in this body when I say we are here to do what we can as colleagues, and as friends.

DOT APPROPRIATIONS FOR 15 REPLACEMENT TURBOPROP AIRCRAFT FOR FAA

Mr. DOLE. Mr. President, having completed action on House Joint Resolution 465 yesterday, I would like to urge my Senate colleagues, who were selected to serve on the Conference Committee, to take a close look at one provision.

BACKGROUND

During recent consideration of the Department of Transportation appropriations bill, the Senate committee adopted a $27 million offset from fiscal year 1983 funds, thereby eliminating funding for 15 replacement turboprop aircraft for the FAA. The Senate relied upon a recent FAA study indicating that the flight time of 15 aging Sabreliner aircraft could be extended through a Service Life Extension Program [SLEP] at a cost savings of $3 million. The House, however, wisely retained the $30 million appropriation for 15 new turboprop aircraft.

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

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COST SAVINGS?

Facts brought to my attention have convinced me that the Senate position is based upon incomplete and misleading information. The Sabreliner aircraft are no longer in production and parts support is increasingly difficult and expensive. Procurement of new, more efficient aircraft, as opposed to repair of the old will lead to a savings of $97.1 million over a 10-year period. New information also shows that the initial capital investment of $30 million will be authorized through reduced operating costs in less than 3 years after the program go-ahead. Further, Mr. President, I believe it is grossly unfair to those companies who have already expended funds to submit their proposals to suddenly have this funding terminated.

RESTORING FUNDING

Mr. President, now that the transportation appropriations bill has been folded into the continuing resolution, I urge my Senate colleagues to recede to the House position on this matter and restore the fiscal year 1983 funding. Let me assure my colleagues that I do understand the cost restraints facing the members of the committee. However, I do believe that an attempt to be fair to those who have already submitted their proposals and to provide cost efficient aircraft for the FAA, that the funding must be restored. Should it not be restored in conference, let me assure you that I intend to pursue its restoration in the fiscal year 1987 budget.

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

RECOGNITION OF THE MINORITY LEADER

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

Mr. BYRD. Mr. President, I yield 5 minutes of my time to the distinguished Senator from Wisconsin [Mr. PROXMIRE].

I ask unanimous consent that the remainder of my time may be reserved for me throughout the day.

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

The Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I thank the minority leader.

LOOK WHO IS CUTTING MILITARY SPENDING: GRAMM, RUDMAN, HOLLINGS

Mr. PROXMIRE. Mr. President, the country may be facing a 5-year period when, for purely domestic reasons, we may cut back military spending spectacularly. There is no dove in this body of Senators who advocates the kind of unilateral cutback in military strength that the budget reduction measure will require of the Congress. Ah—what an irony! Gramm-Rudman-Hollings happens to be sponsored by three Senators, each of whom has consistently and vigorously championed a stronger military force and still does.

Senator PHIL GRAMM, both as a Congressman and as a Senator, has been a leader in the fight for a stronger, more vigorously funded Army, Navy, and Air Force. There is no Senator who has taken a more consistent and positive part in working to build a strong American military force in the past few years than WARREN RUDMAN. I have served with Senator RUDMAN on the Defense Appropriations Subcommittee, which is ably chaired by Senator STEVENS. The one Senator who has devoted as much time, energy, and effort to building up our armed services as Chairman STEVENS is WARREN RUDMAN. Senator FRITZ HOLLINGS has long been the Democratic leader in fighting to give the armed services the sea power, the land power, the air power, and the nuclear power they need to surpass the Soviet Union wherever they might challenge this country for world military supremacy.

So there you have it, Mr. President. This Senator likes and respects each of these three colleagues. I disagree with them often on military procurement policy, on military personnel policy, and on the level of our resources we need to pour into the military in order to provide the most effective national security. But I recognize the very high level of military expertise this Gramm-Rudman-Hollings, three-musketeer trio, represents. This is why I am astonished by the consequences of the Gramm-Rudman-Hollings measure for American defense.

The press has concentrated its interest on the dilemma raised by this budget resolution proposal for the President. After all, this deficit-cutting proposal seems tailormade for what the President has been calling for except that it does not just threaten the national defense that constitutes President Reagan's prime Government interests. It does more; much more. It would end the massive accretion of more ships, more tanks, more planes, more missiles. That is just the beginning. Gramm-Rudman-Hollings will force an actual reduction and a big reduction in the resources we will put into our military arsenals.

Mr. President, if this were any of the five other Presidents who have served this country since General Eisenhower left the Presidency were now in office—if this were Presidents Kennedy or Johnson or Nixon or Ford or Carter—the howls against the devastation this budget cutter will wreak on the military would blow down the walls of the Capitol. If this proposal had been offered by any other combination of Senators than these three champions of military strength—GRAMM, RUDMAN, and HOLLINGS—it would have been roundly condemned as unilateral disarmament or surrender to the Soviets or both.

Have I exaggerated the effect of Gramm-Rudman-Hollings on the military? Just figure it out for yourself Mr. President. This measure will, over the next 5 years, mandate a cut of $200 billion in the deficit. During at least 3 of the 5 years, the budget cuts will be virtually mandatory. Why does this follow? Because the President has announced he will veto any tax increases. Few, if any, Members of the Congress will fall on their reelection swords in a wholly vain act to increase taxes when the President has promised to veto any such increase. This means the deficit reductions can only come from spending reductions. The conference report has determined that 50 percent of these reductions will come from nondefense programs and 50 percent from military programs. Poverty programs will be spared, Social Security will suffer no reductions, interest on the national debt will be paid in full. But three of the Senate's foremost champions of a strong military force and a President who has pushed for a military buildup more vigorously than any President in the nuclear age will be leading the charge for this huge military cutback.

And what a military cutback. This is a cutback that will make even the most dovish Senators concerned about our military strength. In the judgment of this Senator, the consequences of Gramm-Rudman-Hollings on the military is the irony of the year.

MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, my myth of the day is that the social safety net woven out of unemployment insurance is as tight as ever.

While the unemployment rate has dropped from a recession high of 10.7 percent to the current 7 percent, the proportion—not just the number, the proportion—of jobless workers who receive unemployment compensation benefits has fallen even more sharply. In May of 1975, 5.2 million of the 7.7 million unemployed workers, or more than two-thirds, received unemployment benefits. In April of 1983 only 52 percent or 5.7 million out of the 11 million unemployed Americans received unemployment benefits. In October of 1985 only a little over 2 million of the 7.9 million unemployed workers were receiving unemployment benefits. The astonishing decline in unemployment insurance coverage meant that in October only 1 out of every 4 unemployed workers was getting unemployment compensation benefits.

What accounts for this remarkable decline in the coverage by unemploy-

ment compensation of unemployed Americans?

First, tighter Federal and State eligibility rules have made it more difficult to qualify for benefits.

Second, two recessions occurred with only a brief upturn between them, leaving many workers without enough recent time on the job to qualify for unemployment benefits.

Third, a larger proportion of the work force is now employed in jobs which are not covered by the unemployment insurance system.

Whatever the reasons, it is clear that the unemployment insurance safety net created during the depths of the Great Depression and vastly expanded in the following 40 years now contains giant gaps resulting in the overwhelming majority of today's unemployed receiving no unemployment insurance benefits.

PERSECUTION OF THE BAHAIS CONTINUES

Mr. PROXMIRE. Mr. President, the persecution of the Bahais in Iran has intensified. According to the October 26, 1985, issue of the Economist, nearly 200 Bahais have been executed by the regime of the ayatollah Khomeini.

The Bahai faith is not just a small Iranian sect subject to persecution. The Bahais have over 3½ million members worldwide; a million in India, 300,000 in Iran, and 150,000 in America.

The Bahai faith accepts all major world religions as stages on the way to truth. They accept Mohammed, Jesus, and various Old Testament figures as genuine prophets and differ from Islam in that they do not accept Mohammed as the final prophet.

The Iranian Government objects to the Bahais because of this difference of doctrine. The Attorney General of Iran expressed the Iranian objection to Bahais as follows:

> The Koran recognizes only the people of the book (Muslims, Christians and Jews) as religious communities. Others are pagans. Pagans must be eliminated.

Mr. President, it is not only the Bahai religious beliefs that fuel Iranian hostilities toward them, but also their material success. Bahais in Tehran tend to be wealthy professionals. The Shah's doctor was a Bahai.

Discrimination against Bahais is widespread and has increased dramatically since the Ayatollah assumed power in 1980. That year marked the increase of government persecution of the Bahais with executions, imprisonment, and anti-Bahai legislation.

Mr. President, the persecution of the Bahais is an example of the abuses of international moral standards that will continue to occur as long as we refrain from condemning it and its deadly successor—genocide. While the Ayatollah's regime in Iran has not made a systematic attempt to eliminate all Bahais, it is certainly persecuting members of an easily identifiable group because of its religious views. These horrible abuses will continue to occur and may escalate unless we take action to prevent such an escalation.

Mr. President, as worldwide defenders of human rights, we must take every action available to us to prevent the persecution of religious groups. I urge my colleagues to join me in support of the most basic of human rights—the right to live without persecution because of one's membership in a national, ethnical, racial, or religious group. The Genocide Convention makes such persecution an international crime and requires those who ratify the convention to act to prevent genocide, and to punish the perpetrators of genocide. The time has come to back up our commitment to human rights and ratify the Genocide Convention.

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 10 a.m., with statements therein limited to 5 minutes each.

RESCIND NOBEL PEACE PRIZE AWARD

Mr. DOLE. Mr. President, the Nobel Peace Prize is perhaps, the most prestigious of all international honors. It is to be awarded to those who have made unique and enduring contributions to international peace.

While there has been occasional criticism of some past awards, for the most part the recipients of the Nobel Peace Prize have been unquestionably worthy—people like Albert Schweitzer, Martin Luther King, Andrei Sakharov and Lech Walesa.

NOBEL PRIZE COMMITTEE MAKES TRAGIC MISTAKE

Regrettably, the Nobel Committee this year made a tragic mistake. Included in its award of the peace prize to the International Physicians for the Prevention of Nuclear War is the codirector of that organization, Dr. Yevgeni Chazov.

Chazov is not only unworthy of the award—his selection is an affront to the very principles which the peace prize is supposed to represent.

Chazov, who has been the U.S.S.R. Deputy Minister of Public Health, has been actively involved in such inhumane Soviet practices as the psychiatric incarceration of dissidents. He also joined 24 other Soviet officials in signing a letter condemning the activities of Andrei Sakharov, who, as I noted, was himself and very deservedly awarded a Nobel Prize for his work on behalf of international peace—work which won him only harsh mistreatment and abuse by the Soviet state.

WESTERN EUROPEAN DEMOCRATIC LEADERS OBJECT TO AWARD

West German Chancellor Kohl and the leaders of the other major Christian Democratic Parties of Western Europe have already written to the Nobel Committee urging that Chazov not be included in the award or the ceremonies which surround it.

RESOLUTION URGES RESCINDING AWARD

The resolution which was passed by the Senate last evening urges that the Nobel Prize Committee rescind its decision to include Chazov in the 1985 peace prize award. I was pleased to have been joined as an original cosponsor by Senator D'AMATO, the chairman of the Helsinki Commission; and Senator HUMPHREY.

ENERGY TAX CREDITS FOR GEOTHERMAL ENERGY DEVELOPMENT

Mr. HECHT. Mr. President, during the 98th Congress, I chaired hearings in Sparks, NV, to examine the current status and future needs of the geothermal energy industry. As a result of those hearings, I introduced the "Geothermal Steam Act Amendments of 1985." This proposal, if enacted, would permit the Secretary of the Interior to extend the lease-hold period of Federal geothermal leases in those circumstances where the leaseholder can demonstrate that development of the lease has been delayed due to unfavorable market or economic conditions. I anticipate that the Energy and Natural Resources Committee will conduct hearings on this measure in early 1986. Since the majority of U.S. geothermal resources are thought to be located on public lands, I believe it is important that we carefully manage this resource and, at the same time, provide the private sector with reasonable incentives that will encourage its development.

Today, I want to address the need to retain another incentive: The renewable energy resources tax credits, which are scheduled to expire December 31, 1985, unless an extension is approved. The House Ways and Means Committee recently reported out of committee a tax reform proposal which includes a provision to extend these tax credits for an additional 3 years. I urge the Senate Finance Committee and the full Senate to adopt a similar extension as soon as possible.

Our Nation has many large, untapped geothermal prospects which are thought to be suitable for electric power production or space heating. Even though we are currently experiencing an abundance of energy supplies, our continuing dependence upon

foreign sources and the volatile nature of energy prices dictate that we should actively encourage the development of domestic energy sources. The U.S. Geological Survey has estimated that 95,000 to 150,000 megawatts of electricity, with a 30-year generating life, could be recovered from our geothermal resources. Given its immense size, this is an energy resource we cannot afford to ignore. The continuation of geothermal energy tax credits for a limited period of time should give geothermal developers the incentive needed to ensure that this resource is developed, and the technology required to convert geothermal energy into useful heat or electricity is adequately demonstrated.

The 1985 installed electric capacity of geothermal energy is about 2,000 megawatts; the 1985-90 projected capacity additions are estimated at 1,200 to 1,700 megawatts. Continuation of the energy tax credit would ensure that this future development, in fact, takes place. U.S. geothermal energy developers appear to be at an important crossroads; despite a commendable track record of rapid, and successful development, there are impediments which can seriously retard full-scale utilization of this resource. Specifically, the geothermal industry must lengthen its track record of successfully characterizing geothermal reservoirs in order to secure the confidence of potential powerplant owners and investors that the energy resource will be available for the life of the powerplant. Second, industry, which has already made significant strides in advancing the demonstration of technologies and hardware to utilize geothermal resources, needs additional time to convince still skeptical utilities that the technology required to use geothermal is available and effective. In other words, several more projects must be constructed and operated before utilities will construct geothermal powerplants themselves, and before investors will fund projects without requiring high returns to compensate for the perceived high risks.

Congress has the opportunity to show its support for energy independence and domestic energy development by extending the renewable energy resources tax credits, thereby encouraging the continued growth of the geothermal energy industry. The potential of this resource is great, and development should be encouraged. I hope that the Congress will have an opportunity to address this issue before the tax credits expire at the end of the year.

For the use and information of other Senators also interested in the geothermal industry, I ask unanimous consent that a brief document describing the state of this industry and the potential of the resource appear at the conclusion of my remarks.

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

GEOTHERMAL ENERGY DEVELOPMENT: A BRIEF STATUS REPORT

INTRODUCTION AND BACKGROUND

U.S. geothermal resources are currently providing the energy to generate more than 2000 megawatts of electric capacity.[1]

To date, most commercial development of domestic geothermal resources has taken place at The Geysers, a "dry steam" geothermal field located just north of San Francisco, California. Power production capacity at The Geysers is expected to reach 1,792 megawatts by the end of 1985 and, before the turn of the century, could reach more than 2,700 megawatts.

U.S. industry is also on the verge of widespread commercialization of high temperature, liquid-dominated geothermal resources. These resources are more difficult and expensive to utilize but are thought to be far more abundant than dry steam resources. The U.S. Geological Survey ("USGS") has estimated that liquid-dominated resources, much of which are located on federal lands throughout the western United States and Hawaii and Alaska, contain the energy equivalent of 5,000 quads of energy. Current total U.S. energy use is approximately 75 quads per year (1 quad=180 million barrels of oil). Of this amount of untapped geothermal energy the USGS estimates that as much as 95,000 to 150,000 megawatts of electricity for a period of 30 years could be recovered.[2] Since the late 1970's several pilot plants have been constructed in the U.S. and are currently in operation. These demonstration facilities, along with a decade of concentrated industry and government-supported research and development efforts, have shown the technical feasibility of utilizing some of these high temperature, liquid-demonstrated resources. The success of these research, development and demonstration efforts has resulted in substantial commercialization activities in which industry is now operating or has under construction approximately 300 megawatts of electrical generating capacity powered by liquid-dominated geothermal resources. If delays are not encountered most of this new capacity is expected to be on line during calendar year 1985. An additional 600 to 700 megawatts of capacity to be derived from liquid-dominated resources is also being planned by industry. The development of this additional capacity, much of which could be placed into service during the latter half of the 1980's, is still largely dependent upon continuation of favorable tax incentives like that provided by geothermal energy tax credits.

Not only has the private sector conducted an active program to develop utilization technologies but, since the early 1970's when federal lands were opened to geothermal leasing, industry has conducted an extensive resource exploration and development program. Today, nearly three million acres of federal lands are subject to geothermal leases; and, in excess of 100,000 acres of privately held lands are also under lease.[3]

To utilize geothermal resources requires a significant amount of time because resource developers must first discover commercial quantities of a geothermal resource and then accurately define the reservior before work can commence on a power generation project. Resource developers have already spent several years and millions of dollars exploring for and discovering commercial quantities of geothermal resources and then conducting extensive reservoir characterization programs, as well as drilling scores of wells capable of commercial production.[4]

Even after these commercial quantities of geothermal energy have been discovered and evidence is presented that the resource will power an electric generation facility for the useful life of the power plant, electric utilities are reluctant to construct power plants using geothermal resources. Questions about geothermal reservoir life and whether off-the-shelf technology can be successfully adapted to the conversion of geothermal heat into useful forms of energy continue to prevent active development or use of geothermal by utilities. Given these uncertainties, utilities have insufficient assurances that regulatory agencies will permit recovery of an investment in a geothermal power plant. Therefore, with the exception of power plant developments in the central portion of The Geysers field, a power plant in northern Utah, and two demonstration plants in southern California, geothermal power plants are still thought to be too risky and are not being constructed by utilities. Instead, power production facilities utilizing geothermal energy are being undertaken by geothermal resource developers or other third parties.

In order to obtain a return on investments made in geothermal energy development, the resource developer or third party investor must not only discover and develop the geothermal field but also arrange for the financing and construction of the power plant, negotiate the power sales contracts with utilities, and incur all those other costs and time delays associated with power plant construction and operation. Unlike oil and gas drilling programs which promise to yield immediate financial returns, the discovery of a commercially viable geothermal resource is merely the first phase of a project. Now that the geothermal industry has adequately examined potential resources and defined several significant commercial sites, what is left is to develop commercial projects to utilize the geothermal energy located at those sites. When these time-consuming phases of development are considered, and given the current world-wide energy surplus, geothermal energy development has progressed quite rapidly over the last one and one-half decades.

An indication as to the possible usefulness of geothermal energy tax credits in stimulating development is best demonstrated by the amount of generating capacity on-line before 1978 and that amount to be on-line by the end of 1985 as well as the amount of planned capacity to be powered by geothermal resources before the end of the 1990's.

[1] "Geothermal Electric Power, The State of the World—1985," Ron DiPippo, p. 13 (1985).

[2] U.S. Geological Survey Circular 790 at p. 12.

[3] Information regarding acreage under federal leases obtained from November 1984 telephone conversation with personnel at the Bureau of Land Management, DOI, Washington, D.C.

[4] For example, Dr. Carel Otte of Union Oil Company testified before a Senate subcommittee hearing in June 1983 that his company "alone has spent $100 million out of its own pocket." for development of geothermal resources in California's Imperial Valley. Of the amount invested only $4.0 million in tax credits were claimed. According to Dr. Otte ". . . the reason is that the expenditures so far have been primarily for exploration and other expense items that do not qualify [for tax credits]."

The following table provides a comparison of electric generation capacity available before and after enactment of the geothermal energy tax credit in 1978.

Years	Megawatts of new capacity from geothermal	Status	Location geothermal resource
1960-76	502	Operational	The Geysers dry steam.
1960-78	0	None	Liquid dominated projects.
1979-85	1,290	Operational	The Geysers dry steam.
1979-85	236.7	Operational/in construction.	Various locations liquid dominated.
1986-95	700-900	In construction or planned.	Within and on outskirts of The Geysers.
1986-95	600-700		Various locations liquid dominated.

Besides serving as an incentive for more rapid development of geothermal resources, energy tax credits have also provided a means to attract several new companies into the geothermal business. For example, a number of engineering and construction firms are now developers and owners of geothermal power plants. One reason why these companies, and others, have been attracted to geothermal resource development is because a corporate investment in an otherwise new and high risk venture can be partially offset by taking advantage of the available geothermal energy tax credits.

NEED FOR CONTINUATION OF GEOTHERMAL TAX CREDITS

Because geothermal resources can vary greatly in temperature, pressure and fluid characteristics, several electricity production projects using different geothermal reservoirs must be operated at commercial scale before the financial community will be convinced that the economic and technical risks attendant with the development of geothermal resources are reasonable.[5] This means, first, that industry must construct a sufficient number of conversion facilities to successfully demonstrate that the technology and hardware, which is primarily off-the-shelf equipment, can be utilized to convert a representative sampling of geothermal resources of different temperature, pressure and fluid characteristics into electricity. Secondly, the geothermal industry must establish a positive record of reasonably quantifying the size and other characteristics of a given geothermal reservoir that is intended to supply the energy needed for the useful life of the geothermal conversion facility. To date, neither of these prerequisites has been adequately fulfilled; more time is needed.

Until several geothermal projects have been completed and are operating reliably, equity investors will require a significant return on their investment to compensate for the real or perceived risks and lenders will require a premium for the use of funds that constitute project debt. In addition, lenders will require the guarantees of financially secure entities, either project sponsors or third parties, to protect their loans. Under these current circumstances geothermal projects are expensive to finance. If the cost to produce energy from a geothermal production facility is already projected to be expensive in any case, then high financing costs might lower cash flow from a project so far as to eliminate the possibility that the project will be built.[6] Energy tax credits are important to those geothermal projects now under construction or in planning that rely, in part, on these tax credits to assist in adequately capitalizing a project which is perceived to be high in cost and in risk.

The geothermal energy tax credits, however, will only be available if a project is completed and placed into service by December 31, 1985.[7] A project will not even be attempted if the developer determines that the energy tax credits are essential to the economics of the project but will expire before the project qualifies for the energy tax credit. Yet these same projects are needed to demonstrate to the financial community that the power plant hardware and technology that has been previously used by the utility industry in traditional fossil fuel-fired power plants can be effectively utilized where geothermal resources, not oil, gas or coal, provide the necessary thermal energy. Also, operation of these projects are required to provide important additional experience in the characterization and utilization of a variety of geothermal reservoirs.

If the geothermal industry is able to construct and begin operating those projects now under development the investment and financial community should thereafter have the necessary evidence that geothermal energy can be used reliably with existing power plant hardware and technology and that the industry's characterizations of reservoirs are accurate. Once these dual goals are reached those geothermal project developers who have successfully constructed projects should face less stringent lending terms for geothermal development, more modest requirements for return on investments, and perhaps an ability to finance additional projects with internally generated income. If these facilities are not constructed, then widespread development of geothermal resources in the United States will be substantially or indefinitely delayed until such time as conventional energy prices rise dramatically and the perceived risks of geothermal development are outweighed by higher returns to a project resulting from these increased costs of energy.

SOLUTION SOUGHT BY THE GEOTHERMAL INDUSTRY

Continuation of the existing 15% geothermal energy tax credit for a limited period of time will allow the next generation of geothermal facilities now in planning or under construction to be built. Once constructed and in operation these facilities should provide the necessary evidence of technological feasibility and resource reliability that will then enable the geothermal industry to obtain financing without the energy tax credit incentive.

By extending the tax credit for an additional three years those facilities now under construction or "on the drawing boards" will be completed and placed into service. Further, because large-scale geothermal projects require one and one-half to two years to design and construct, the adoption of a two-year affirmative commitments rule would ensure that proejcts that have been planned by the end of the three-year extension period will also be constructed. The adoption of a two-year affirmative commitments rule could provide that eligibility for the existing geothermal energy tax credit will be tied to activities that must be completed by the project developer/taxpayer by certain dates. If the project development activities are completed on or before the prescribed dates then the energy tax credit would continue to be available for the additional two-year period of time.

BENEFITS OBTAINED BY EXTENSION

The development of our domestic geothermal energy resource can provide the United States with a very substantial source of new energy. More importantly, once a geothermal resource has been identified and the commerical feasibility of the resource established, a new geothermal power generation facility can be constructed within twelve to twenty-four months compared to the seven to fourteen years required to bring a nuclear or coal-fired facility on line. These geothermal facilities will also provide electricity at a projected cost, including the costs to develop the reservoir, of approximately $1,000 to $2,500 per kilowatt of installed capacity compared to the $3000 to $5000 per kilowatt of installed capacity of new nuclear plants scheduled to come on line in 1985 and beyond.[8] Furthermore, the operating records of on-line time for those geothermal plants now operating is in excess of 70%, whereas nuclear power plants and coal-fired power plants average approximately 60%. Because the geothermal resource must be reinjected into the ground after use there is little atmospheric pollution. Also, except in unique circumstances like that encountered near the Salton Sea in California where the precipitation of minerals due to temperature drop has required the filtration and trucking away of some sludge, there is no solid waste residue resulting from utilization of geothermal resources. These cost, reliability and environmental advantages simply mean that the continuous operation of geothermal-based electric energy can provide a unique non-polluting source of energy for the long term needs of the United States.

The cost to the federal treasury of extending geothermal energy tax credits is minimal. Importantly, federal royalty payments, which will be paid directly to the federal treasury if the geothermal resources are located on federal lands, and income taxes which will be collected from the geothermal power production facility, more than offset the initial loss of tax revenues. For example, a typical 50 megawatt flash-steam facility powered by liquid-dominated geothermal resources is projected to cost between $75 to $125 million. With this projected capital

[5] Even in The Geysers field which has undergone substantial commercial development, utilities and lending institutions still perceive geothermal energy development to be very risky especially in new areas and along the outskirts of the current boundaries of The Geysers.

[6] Geothermal projects can sell electricity under the auspices of the Public Utility Regulatory Policies Act (PURPA) which generally requires a utility to purchase that geothermal-generated power at the utility's avoided cost. A utility's avoided cost is defined as the cost to the utility to purchase power elsewhere or otherwise produce the power itself. Even though PURPA requires the purchase of power at a utility's avoided cost, geothermal project developers are still selling electricity into a regulated market. This generally means that the price to be paid for the electricity produced can be no higher than a pre-established amount. Consequently, even though the risks may be within the range where investors require very high returns commensurate to the perceived risk, the sale of power into a regulated market substantially limits the return on investment.

[7] If a project requires more than two years to construct, section 46(d) of the Internal Revenue Code permits a taxpayer to claim energy tax credits as a qualified expenditure is made. Thus, a qualifying geothermal project may be able to claim the energy tax credit up through the current 1985 expiration date for expenditures actually made on qualifying geothermal property even though the facility is not placed into service until after 1985.

[8] Forbes magazine, Feb. 11, 1985, p. 85.

cost for the power plant between $11.3 to $18.8 million could be claimed through geothermal energy tax credits. As depicted by the attached chart royalty payments made to the federal treasury if the power production facility uses geothermal resources obtained from lands under federal lease more than offset the losses in tax revenues occasioned by claiming geothermal energy tax credits. In fact, in about eight years, royalty payments will more than offset tax revenue losses.

Also, over the life of a typical 50 megawatt geothermal project the equivalent of 17 million barrels of oil will be saved; the energy tax credit thus equates to an $0.88 subsidy per barrel of oil equivalent.[9]

Finally, the Department of Energy in the most recent National Energy Policy Plan provided the following assessment with respect to future electricity demand:

"According to one set of load-growth projections . . . significant additional generating capacity will be required to meet future demands, to replace obsolete facilities during the 1990's, to displace high-cost fuels (that is, oil and natural gas), and to provide for effective reserve margins. Should these projections prove correct, 438 gigawatts of additional generating capacity would be needed by the year 2000. This translates into the need to build the equivalent of 438 large (1,000 megawatt) electric generating plants. Approximately 25 percent of this additional capacity is currently planned or under construction."

If this assessment is correct then the United States will require additional generating capacity during that same period when geothermal power generation will have been adequately demonstrated and could thereafter provide a substantial supply of electricity to the nation's electric grid. Given the current difficulties of the U.S. utility industry in constructing large central station power plants, there is every reason to believe that new generating capacity will most likely be met by adding much smaller amounts of capacity over shorter periods of time between planning, construction and operation. Geothermal energy can be added in less than 5 megawatt to as much as 110 megawatt increments over very short periods of time from initial planning to construction to operation.

A sensible national energy policy ought to include those government incentives previously provided which industry can demonstrate are necessary for encouraging the development of a very large domestic energy resource. The geothermal industry is currently using the energy tax credit to attract the capital necessary to construct a significant number of pioneer, commercial-sized geothermal powered electric generation facilities. This federal incentive should not be curtailed just at that time when private industry and the government have made substantial investments and progress in developing an energy resource that appears to be competitive in the near term with other sources of conventional energy. More importantly, if the current development path of the geothermal industry is encouraged, then substantial increments of electrical capacity can be expected from geothermal resources just at that time during the 1990's when shortages of electrical capacity are likely to occur.

[9] The equivalent barrels of oil produced is calculated as follows:

(a) 1 bbl. of oil = 6,250,000 BTU.

(b) A good heat rate on an oil burner = 9,000 BTU/KWhr.

(c) 1 bbl. at 6,250,000/9,000 = 694.5 KWhr

(d) Therefore, 1 MWhr requires 1,000/694.5 = 1.44 bbls./hr.

(e) 50 MW × 1.44 × 0.9 (efficiency factor) × 8760 hrs. in one year = 567,648 bbls/yr.

(f) 567,648 bbls × 30 year life of the facility = 17,029,440 bbls/30 yr life at 90% efficiency factor.

IN RECOGNITION OF MAYOR CHARLES R. MATHEWS

Mr. BRADLEY. Mr. President, I would like to bring to the attention of my colleagues the achievements of an outstanding New Jersey public servant, Mayor Charles R. Mathews of the town of Newton.

Major Mathews has enjoyed an extensive career in public service for the past 32 years. As a resident of Newton since the age of 15, he has served the town in many capacities, including town clerk, municipal court clerk, registrar of vital statistics, acting town manager, the first financial director, a member of the town planning board for 12 years, a member of the town council for 24 years, deputy mayor for five terms, and mayor for five terms.

Mayor Mathews' career has also included several positions on the county and State level. For the past 7 years, he has served as Sussex County's manpower director and administrator of the Job Training Partnership Act. He also spent more than 11 years as the State motor vehicles agent in Sussex County and more than 5 years as the bureau chief of housing inspection for the New Jersey Department of Community Affairs.

Recently, Mayor Mathews was elected to head the New Jersey League of Municipalities, an organization of most of New Jersey's 567 municipalities. I look forward to his leadership of this important organization on the many important issues which confront them. He has particularly targeted our serious toxic waste problems for attention.

Throughout his distinguished career, Mayor Mathews has demonstrated a tireless commitment to serving the public. He is always available to the citizens of Newton. They know that they can call the mayor or stop by his house whenever they have a problem—day or night.

I commend Mayor Mathews for his outstanding service to Newton and to New Jersey.

A SOLUTE TO MAYOR CHARLES R. MATHEWS

Mr. LAUTENBERG. Mr. President, I rise to recognize the achievements of a prominent New Jerseyan, Mayor Charles R. Mathews of the town of Newton.

Mayor Mathews has dedicated much of his adult life to public service in Newton. Recently, his leadership was recognized when he was elected president of the New Jersey League of Municipalities, representing almost all of New Jersey's 567 municipalities.

As part of his responsibilities as president, Mayor Mathews is now representing New Jersey at the National League of Municipalities Convention in Seattle, WA. New Jerseyans can feel proud that we have such a fine delegate in Mayor Mathews.

A resident of Newton since the age of 15, Mayor Mathews' history of public service and involvement is extensive and impressive. In his 22 years of elected service to Newton, he has served five terms as mayor, in addition to five terms as deputy mayor. His 24 years on the town council represent the longest period of service ever on that body.

Mayor Mathews' other responsibilities in Newton have included 12 years on the town planning board, and periods of service as town clerk, municipal court clerk, registrar of vital statistics, acting town manager, and as Newton's first finance director.

His public involvement has extended beyond the town of Newton, to include county and statewide responsibilities. For over 11 years, Mayor Mathews served as State motor vehicles agent in Sussex County, and for 4 years was bureau chief of housing inspection for the New Jersey Department of Community Affairs. For the past 7 years, the mayor has been Sussex County manpower director, and administrator of the Job Training Partnership Act in the county.

As testimony to his character and leadership qualities, in 1983 Mayor Mathews received the "Man of the Year Award" from the Veterans of Foreign Wars.

Mayor Mathews has enjoyed 47 years of marriage to the former Lucy McDavit, a lifetime resident of Newton. Throughout that time, their door has always been open to the citizens of Newton, and the mayor has served them well. I commend Mayor Mathews on his lifetime of achievement in public life, and congratulate him on his election as president of the New Jersey League of Municipalities.

I ask unanimous consent that the text of an article from the Newark Star-Ledger proclaiming Mayor Mathews as "Jerseyan of the Week" be inserted in the RECORD.

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

[From the Sunday Star-Ledger, Dec. 1, 1985]

"CHIEF" MAYOR DEDICATED TO SERVING THE PUBLIC

(By Charles Q. Finley)

Charles R. Mathews, the mayor of Newton in Sussex County, is the kind of mayor who does not leave the job when he leaves his office.

"I'm very proud of my town and glad to be a part of it," asserted Mathews, the new president of the New Jersey State League of

Municipalities who has been elected mayor of the small, close-knit community six times and plans to run again.

"It's nice to walk down the street and be greeted with so many smiles.

"In the two weeks before each election I knock on just about every door in town. There are very few people in Newton whose hand I have not shaken.

"My telephone is listed and my door has been open to anyone. I couldn't count the times I've received telephone calls at night, some about extremely serious problems and others about such concerns as a leaking water pipe or a cat up a tree.

"But I've never minded. I believe when someone takes public office it's his responsibility to be available."

Mathews who now heads an organization representing almost all of the state's 567 municipalities, was first elected to the town council in 1953. During the 32 years of public service he has served as town clerk, finance director, municipal court clerk, registrar of vital statistics and acting town manager.

He was employed as state motor vehicle agent in Sussex County for almost 12 years and was bureau chief of housing inspection for the New Jersey Department of Community Affairs more than five years.

For the last seven years, he has been Sussex County's manpower director and administrator for the county's participation in the federal Job Training Partnership Act.

John L. Iliff, Newton's deputy mayor who has been associated with Mathews on the town council 20 years, said, "Charlie is an extremely dedicated public servant with bushels and bushels of experience to call upon. And he's always there when needed.

"He's very outspoken; you always know just where he stands. Every council member looks upon him as a true leader and his opinions are highly respected."

Mathews has been a member of the league's legislative committee, which evaluates the effect of proposed laws on the municipalities, 13 years. He received the league's "President's Distinguished Service Award" in 1980 for his outstanding service to local government.

Born in Brooklyn and a graduate of Newton High School, Mathews worked in the aircraft industry during World War II.

"After the war I became justice of the peace in Newton and that sparked a keen interest in public service. I've gained much personal satisfaction serving the public and I find it to be most unfortuante that, in general, politicians still have a poor public image.

"But those who do a fine job are appreciated by the public. For example, and I'm not politicking for Gov. (Thomas) Kean, but when a man carries just about every single community in the state when running for re-election as governor, he must be doing something right and the public knows it."

Mathews and his wife, Lucy, have four children—Charles Jr., an attorney in New York City, Kay, of Brookline, Mass., a teacher of commercial photography, William, of Holland, Pa., in the advertising field, and James, a public relations specialist in Washington, D.C.

Mathews said the State Supreme Court's "Mt. Laurel" decision requiring low- and moderate-income housing in all municipalities "could present problems in some communities.

"The league sponsors or opposes legislation with the good of the municipalities in mind, but it doesn't take sides in issues. The 'Mt. Laurel' decision has little effect on Newton because we have very little open land, but in a community where there is much open land I can see where there might be some problems in maintaining the traditional living environment."

He looks upon toxic waste removal as a major issue and said, in some instances, the local municipalities have a measure of responsibility for removal operations.

"It would seem to me if a municipality knows about a toxic dump site, then covers up the conditions for years, it should take an active part in the removal effort. However, many times the toxic sites come as a big surprise to the community.

"But the situation is complicated by budget restrictions in the municipalities. They simply don't have the money to undertake many of these cleanups."

Mathews said dwindling federal revenue sharing and rising costs are causing a financial pinch for the municipalities, especially in the area of police and fire protection and sanitation.

"Revenue sharing bailed out the budgets of a lot of municipalities in the last five years. Continued cuts could cause some major local budget problems."

Mathew said the increased cost of liability insurance, and the state's cap law which limits the amount of increase in local budgets annually, also will pose difficulties for municipalities in the immediate years ahead.

Mathews is an avid golf enthusiast although he finds the game "aggravating."

THE FARM BILL

Mr. BOREN. Mr. President, it is true that our farmers want a farm bill reported, and they want it as soon as possible. But they do not want a bad bill reported now or ever. Given this state of affairs, we should keep all options in mind. Planting decisions in most parts of the country have already been made, and the bill now in conference will not affect those decisions. It would be far better to pass a good farm bill in January or February than to pass a bad farm bill now.

The Wheat Program being considered by the House-Senate conference actually lowers farm income. Given the deep depression and heartbreak our family farmers are facing, I cannot support any bill that mandates a further reduction in income. In the Ninth Farm Credit District alone, bankruptcies have increased 303 percent in 1 year. It is absolutely necessary that we pass a bill that will give farmers a chance to earn a fair living now.

The current proposals, at a minimum, would reduce farm income by approximately 6 percent the first year. Due to the discretionary powers of the Secretary of Agriculture regarding acreage reduction requirements, income could drop an additional 24 percent the next year. Since it is estimated that income will have dropped 30 percent to 40 percent in 1985, this bill may result in a 60-percent drop in income from 1984 levels by 1987.

The targeting proposals included in the Senate farm bill would have protected the income of family-sized farmers. The current proposal does nothing to protect family-sized farms. Further, wheat exports have declined by 39 percent this year, and this bill does not address the problem even though the mechanism providing for a partial solution is available to us without budgetary impact.

In considering this matter, I urge all of my colleagues to read the story on the front page of the New York Times this morning about a human tragedy that is indicative of the desperate plight of our farmers.

I ask unanimous consent that the text of that article be printed in the RECORD.

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

DEATHS ON THE IOWA PRAIRIE: FOUR NEW VICTIMS OF ECONOMY

(By Andrew H. Malcolm)

HILLS, IOWA, Dec. 10.—When the radio news flashed across the snow-covered prairies Monday for the noon meal, it carried a bulletin that John Hughes, president of the Hills Bank and Trust Company, had been shot and killed. One farmer just outside this town of 550 people turned to his wife and said, "I wonder if it was Dale Burr."

It was.

Mr. Burr, a 63-year-old farmer whose financial troubles were about to claim his land, his machinery, his stored grains and his beloved quarter-horses, went on a killing rampage, shooting three people to death before committing suicide on a lonely road near his home.

It was but the latest in a series of violent outbursts across the Middle West that leave behind investigators, friends, neighbors, and family attempting to reconstruct and understand.

In 1983, James Jenkins, a Minnesota farmer and his son, Steve, who had lost their land, cattle, and credit rating, lured Rudolph H. Blythe Jr., the local bank president, and his loan officer to the abandoned farm and killed them both before Mr. Jenkins shot himself.

Last year an armed Nebraska farmer, Arthur Kirk, was shot and killed after holding a state police special weapons and tactics team at bay for several hours.

In the last three years thousands of farmers, dozens of banks and hundreds of rural businesses have failed. And, according to mental health counselors and rural advocates, numerous other potentially violent incidents are stopped regularly by family, friends and mediators.

Monday's events began when Mr. Burr, an outdoors workaholic, shot his wife of 40 years, Emily, as she apparently sought to stop him from leaving the house with his 12-gauge shotgun.

Then Mr. Burr left a note at home and drove into town. At 11:22 A.M., he walked in the back door of the shiny, modern bank on Main Street where his checking account was overdrawn. He pulled the long, pump-action gun from his overalls and fired one blast at Mr. Hughes' head as the 46-year-old bank president looked up from his office chair. Mr. Burr then pointed the gun at two other bank officers, Dale Kretschmar and Roger Reilly, who froze. But the farmer did not fire.

Mr. Burr drove east of town a few miles where a farmer saw him fire once into the air. At 11:35 Mr. Burr entered into the farmyard of Richard Goody with whom he had had a minor land dispute several years ago. Mr. Goody had just been spreading manure on his fields for next year's crop. As the 36-year-old man greeted his visitor near some hog-feeding pens, Mr. Burr shot him twice. He also fired at Mr. Goody's fleeing wife and six-year-old son. He missed.

Ten minutes later when David Henderson, a pursuing sheriff's deputy, pulled Mr. Burr onto the shoulder of a gravel road near his home, a muffled blast from within the pickup truck signaled the farmer's suicide.

"It's another tragedy," said Peter Zevenbergen, who runs several mental health programs near here. "It was bound to happen somewhere. And it'll happen again, too."

"For many of these people," said Dan Levitas of Prairiefire, a Des Moines group active in rural counseling and legal aid, "the hammer is coming down. They're shell-shocked. Many keep it all inside. But now it's breaking out. I'm afraid this violence is the beginning of what is to come."

When such incidents erupt, along with a growing number of less publicized rural suicides, Mr. Levitas and others say they can almost predict from experience the characteristics: a farmer of any age above 35, a strong family man, devout churchgoer, well-liked by friends but quiet.

A HARDWORKING FARMER

Such was the case of Mr. Burr, the hard-working son of Vernon Burr, a farmer and bank director. The 6-foot-two-inch farmer was willing to chat, friends recalled, but only for a moment because he always seemed on the way to somewhere. The Burrs were members of Our Redeemer Lutheran Church in Iowa City, eight miles north of this town in eastern Iowa. Their main social activity was a card club.

"Over all these years," said Keith Forbes, a brother-in-law, "I never saw Dale angry."

Mr. Burr farmed around 600 acres with his son, John, 39. Courthouse records show that while few thought Mr. Burr was in financial trouble, he had debts of upwards of $800,000, many of them due last Friday.

Close family friends said the immediate financial pressure involved a $39,000 check for corn that Mr. Burr had deposited with the Government. Because the corn was mortgaged to the Hills bank the check should have been made payable to the bank, too. It was not. Mr. Burr deposited the check in the Hills bank to pay off fertilizer and herbicide bills. The bank found out and sought the money immediately.

Mr. Hughes was widely eulogized as a fine family man, active in many civic causes, a successful, aggressive businessman who had built the Hills bank into a profitable institution with over $200 million in assets, despite his town's small size.

With a temporary president, the bank reopened today with a statement stressing its strength and a poinsetta plant on the desk in the darkened office of its late president, John Hughes.

Capt. Doug Edmonds was heading the Johnson County police investigation. Sheriff Gary Hughes was making his brother's funeral arrangements.

JUSTICE POTTER STEWART

Mr. MATHIAS. Mr. President, the Senate has a constitutional responsibility in the process of appointment of members of the Supreme Court. As we contemplate our duties in that respect, it is constructive to be able to have before us the example of a distinguished Justice of the Supreme Court whose service established some benchmarks for judicial success. The much-lamented death of Justice Potter Stewart and the many comments on and reviews of his life in the press offer such an opportunity to Senators.

Yesterday, the CONGRESSIONAL RECORD republished two editorials on the subject of Justice Stewart's contributions to the Court, from the New York Times and the Washington Post, respectively.

To expand this record and make it more complete and useful to Senators, I ask to have printed in the RECORD two columns on Justice Stewart, one by Edwin M. Yoder, Jr., and the other by Ben Heineman, Jr.

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

[From the Washington Post, Dec. 10, 1985]

A JUDGE AND THE WAR

(By Edwin M. Yoder, Jr.)

The death of Justice Potter Stewart at 70 is untimely in all but one respect. His admirable Supreme Court career inspires timely reflection upon the qualities that made him a superior judge.

For quite a while after President Eisenhower appointed Stewart to the court in 1958, he served as a kind of loyal opposition to the "Warren Court" majority. His frequent dissents made a literate and penetrating commentary on the judicial activism that was its trademark.

But Stewart, more a maverick than a mossback, found his center of gravity not in judicial naysaying but in a patrician individualism that was difficult to stereotype. Depending on the principle involved, he was often the ally of unexpected causes.

For instance, after his retirement from the court four years ago, Stewart confided to Fred Graham of CBS (the interview was to be sealed until his death) how he had urged the court in the mid-1960s to take a case testing the constitutionality of the Vietnam war and the draft. Had the court done so, it would have engaged in "activism" by anybody's standard, given the long tradition that the court treats great issues of war and peace as "political questions" beyond judicial scrutiny.

At that time of upheaval, there were known to be stray votes within the court for that excursion onto spongy turf. (The court will hear discretionary cases that at least four justices vote to hear.) William O. Douglas, for instance, advertised his sympathy with the anti-war protest; but then he was a liberal activist by inclination. That the urbane, discreet Potter Stewart stood also among the advocates of judicial intervention was not widely noticed at the time.

Yet it was Stewart's view that the war, never formally declared, violated an express constitutional command "The Constitution," he told Graham, "clearly provides that only Congress can declare war. And Congress had never declared war." As for the draft, "here were people being unwillingly taken under that law . . . for peacetime military training and service, and sent thousands of miles away . . . to be shot at and some of them killed."

Stewart knew as well as anyone the practical limits of judicial competence. He was he often said, a lawyer not a philosopher-king. It was therefore the more revealing that a justice such as Potter Stewart was willing to act. And that inclination points to the limited usefulness of facile formulas by which the judicial role is sometimes defined in theory.

It was primarily as a constitutional literalist that Stewart was speaking. But in a longer perspective, it was an outlook of familiar and honorable vintage. Though their views on other matters diverged, there was in Stewart's view on Vietnam an echo of his fellow Ohioan Robert A. Taft.

What Taft was saying with his usual directness in 1950 about the failure to declare war in Korea is all but indistinguishable from what constitutional critics—older but now wiser—were saying some 20 years later about Vietnam.

Taft's views disturbed "internationalist" opinion (they helped him lose the 1952 presidential nomination), but Taft was unsympathetic to the argument that changing circumstance had altered the stated limits of the presidential war power. So, apparently, was Stewart.

Stewart's advocacy failed; and might indeed have caused a destructive uproar had it succeeded and the court taken a Vietnam draft case and declared the war unconstitutional.

But it must have been quite an argument within the court. Among the justices of that period sat Abe Fortas, who had carried his role as a war counselor to Lyndon B. Johnson well beyond the usual limits of judicial discretion. How others divided we do not know.

But the story of Stewart's pursuit of an old maxim ("let justice be done, though the heavens fall") suggests that the qualities of the superior judge are ultimately inseparable from qualities of mind and character. Invoke jurisprudential theory as one will, it leads only to the threshold of understanding how a superior judge views his duties—and not far beyond.

[From the Washington Post, Dec. 11, 1985]

GREAT JUDGE, GREAT JUSTICE

(By Ben W. Heineman, Jr.)

Swing vote, moderate, pithy and witty writer—these were the characteristics of Potter Stewart seen by the public.

What was harder to see—because he was a modest and self-effacing man not given to theorizing in his opinions—was his shrewd and sophisticated view of the Supreme Court and the way constitutional law is, and should be, made.

In essence, he used a "common law" approach to the great open-ended guarantees of the Constitution—due process, equal protection, freedom of speech. These guarantees are not self-executing and, according to most scholars and jurists, must be adapted to a modern society. Yet that still leaves the great puzzle of judicial review: when is it appropriate for the Supreme Court to invoke the Constitution in invalidating laws enacted by federal or state legislative bodies?

Justice Stewart believed deeply in history and in precedent. Yet he recognized that neither may have answers to contemporary constitutional issues. He was an advocate of neither strict judicial restraint nor intemperate judicial activisim. He was neither a liberal nor a conservative. To him, those

labels implied an approach to constitutional decision-making that was wrong: imposition of a rigid set of personal beliefs on the specifics of each case.

For him, the solution to the riddle of judicial review under the great open-ended constitutional guarantees was a "common law" approach in which principles emerged slowly and organically from the facts of each case. Cases should, as a general matter, be decided narrowly—and broader principles should emerge only as precedents accumulated. In deciding individual cases on the facts, it was crucial to find an appropriate balance between the legitimate competing concerns presented by the controversy. The court, in his view, could not go far wrong if it stayed close to the particular controversy presented and reached a sensible balance between the values in conflict.

For Justice Stewart, this approach stemmed from two fundamental beliefs. First, as a person of the world, who had served in war, practiced law and been an elected official (and whose father had been a prominent Ohio politician), he knew that economic and social reality was far more complex than judicial rules. Because the Supreme Court decides individual cases on the record presented by the parties, it is often ill-equipped to announce broad prescription because, necessarily, it does not have access to a broad set of "legislative" facts.

He also believed, however, that the Supreme Court's fundamental role was to be a balance wheel in American society. He knew enough about practical politics not to extol in unrealistic measure the virtues of city councils or state legislatures or even Congress. The court sits to ensure a crucial degree of balance between majority rule and minority rights, between congressional and presidential power, between federal authority and state and local autonomy, between robust public debate under the First Amendment and necessary governmental order.

Is it any surprise then that he was himself a balance wheel on the court? Take the abortion issue. Along with Justice Hugo Black, he dissented from the court's seminal case establishing a right to privacy, *Griswold v. Connecticut*, because he could find no such right in the Constitution. Yet, once the court had found such a right, he accepted that result and applied it in *Roe v. Wade* to join the court in holding that the constitutional privacy guarantee encompassed a woman's right to decide whether to terminate her pregnancy. But, in *Harris v. McRae*, he wrote for the court that, while a right to an abortion existed, there was no right to have the government pay for the procedure—the constitutional right did not create an entitlement to public funding. Whether or not one agrees with his opinions in these three cases, they are all models of lucidity that reflect a careful balance between past precedent and present realities.

Despite the attention given to the "liberal-conservative" debates about the court, an argument could be made that Justice Stewart's "common law" approach has been a dominant—perhaps the dominant—method of constitutional decisionmaking in the last quarter century.

On the day he died, a friend said to me: "Great judge, good justice." Yes and no. Great judge, great justice—in the sense of a man with an extremely subtle and well thought out view of judicial review. He was a person of extraordinary intelligence and wisdom who along with a colleague whom he revered, John Marshall Harlan, was the exemplar of an important Supreme Court tradition. Because that tradition cannot be easily summarized, it is easily overlooked. But the Stewart approach will endure.

THE DEATH OF PEGGY GOLDWATER

Mr. DECONCINI. Mr. President, it is very difficult at times for one to say what is felt in his heart—this is one of those times. I know that there are no words which can console my good friend and colleague, BARRY GOLDWATER, during this time of grief and the passing of his dear wife Peggy. Peggy and BARRY celebrated their 50th wedding anniversary this past summer—a sure indication that the relationship they shared was a rare one indeed.

For those of us fortunate enough to have known Peggy, we know what an inspiration she was to BARRY. I remember seeing him in a television interview and taking particular notice of the twinkle in his eye and the irrepressible smile that came to his face whenever the interviewer asked him about his wife. I have heard BARRY say before that the best thing he ever did for Arizona was to move his wife there, and I am sure most Arizonans share in that feeling, especially those people involved with St. Lukes Hospital, Planned Parenthood, the Junior League, and the numerous other charity and community organizations that Peggy put so much time and effort into.

In the words of Jane Welsh Carlyle,

> Never does one feel oneself so utterly helpless as in trying to speak comfort for great bereavement. I will not try. Time is the only comforter for the loss of a friend.

Mr. PROXMIRE. 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 (Mr. BOSCHWITZ). Without objection, it is so ordered.

INCREASE IN PUBLIC DEBT LIMIT—CONFERENCE REPORT

Mr. DOLE. Mr. President, there is a conference report at the desk to accompany House Joint Resolution 372, the debt limit, and I ask for its immediate consideration.

Mr. BYRD. 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 clerk will state the report by title for the information of the Senate.

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 amendments of the House of Representatives to the amendments of the Senate numbered 1 and 2 to the joint resolution (H.J. Res. 372) increasing the statutory limit on the public debt, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:
>
> That the Senate recede from its amendment to part (2) of the amendment of the House to the amendment of the Senate numbered 1.
>
> Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate to the amendment of the House to the amendment of the Senate numbered 2, and agree to the same with an amendment.

(The conference report is printed in the House proceedings of the RECORD of December 10, page H11684.)

Mr. JOHNSTON. Mr. President, the question is on the motion to proceed to the conference report?

The PRESIDING OFFICER. The Senator is correct. The question is, Shall the Senate proceed to the consideration of the conference report?

Mr. BYRD. Mr. President, there is no objection on this side and there is no objection on this side to waiving the reading.

The PRESIDING OFFICER. Without objection, the motion is agreed to.

The Senate proceeded to consider the conference report.

Mr. PACKWOOD. Mr. President, I just walked in. Are we now on the conference report?

The PRESIDING OFFICER. The Senator is correct.

Mr. PACKWOOD. I thank the Chair.

Mr. President, it is normal, when considering a complicated bill or conference report, to thank the staff on both sides at the end of debate. But I would like to start out by not only thanking the staff, but the Senators that made this possible in the conference report here and House Members.

When Gramm-Rudman-Hollings was first introduced and passed, there were questions about it in the Senate: questions as to the merits of the whole proposal, assuming it worked as people thought; questions about how it worked, even if you liked the proposal. When we passed Gramm-Rudman-Hollings II, it was significantly different, not in philosophy, but in procedure, from Gramm-Rudman-Hollings I. The Senate conferees had learned a great deal about this bill that they did not know when it was first passed.

On the House side, of course, they had never seen the bill in any way, shape, or form. It was initiated on this side.

I have to compliment especially TOM FOLEY, the Congressman from Washington, who did a giant of a job of leadership in holding together a very disparate group of House conferees.

We were lucky in the Senate. In the first conference, which I was privileged to chair, we had nine conferees. In the second one, which the House chaired, we added four conferees, the three principal sponsors and Senator CHILES, who was them supplanted by Senator JOHNSTON when Senator CHILES was hospitalized.

During all of that time, the Senate conferees were very gracious in, by and large, giving to Senator DOMENICI and myself broad latitude, both in negotiating conclusions, as long as we kept them advised, and in not insisting that all of them be brought into every conference. We discovered when we were meeting in the large conference with all our Members and all 56 of the House conferees, that a meaningful conference was impossible.

During the last 3 weeks, Congressmen FOLEY, PANETTA, and GEPHARDT did the principal negotiating for the House; Senator DOMENICI and myself negotiated for the Senate. On occasion, Senator HOLLINGS, Senator GRAMM, and Senator RUDMAN came in on areas where they were particularly expert and particularly interested. Then again they were gracious enough to leave us alone so we could negotiate in quiet. It worked out.

We now have a bill which is due to the genius of the three principal sponsors—no question about it. They deserve a lion's share of the credit no matter how many others are entitled to some portion of the praise. I think this country is in debt to the three of them.

Let us take a look at the conference report and what it does. I do not think it is news to most people. It has been in the news for the past 3 months. It has been debated, rebutted, reported on, and editorialized on to the point that I think there are no surprises.

Its goal is to statutorily reduce the deficit to zero by fiscal year 1991. That is the goal. It is achieved by setting statutory amounts above which the deficit cannot go, starting with $144 billion in fiscal year 1987. For the fiscal year that we are in now, no one knows what the deficit is going to be, but the projections run from $195 to $215 billion or $220 billion. Considering that we are now a quarter of the way through the fiscal year, and by the time this fully goes into operation we will be about half-way through the fiscal year, we simply decided that we do not want to disrupt Government in an untoward fashion, and we set the figure of $171.9 billion as the maximum deficit amount for this fiscal year. That was the size of the deficit that was in the budget resolution adopted earlier this year by the House and the Senate. We agreed to that.

We then said that to the extent that the actual deficit, as best we can project it, exceeds that we will not require a sequestering—I want to emphasize the difference between sequester and what Congress might do prior to the sequestering—but if there is a sequester, it will not exceed $20 billion on an annualized basis. If the sequester was going to be for 6 months, it cannot exceed $10 billion.

Some programs are exempt. The Senate exempted Social Security, and interest on the debt, of course, which you have to pay. If you try to sequester that, I think you would be sued in the courts, and justifiably so. We also exempted numerous other programs on which there was no argument, such as the Federal Deposit Insurance Corporation, and some trust and reserve funds. But they are relatively minor in their total amount, and there was no quarrel about those.

The big issue is whether or not Social Security should have been exempted. We said it should. The House agreed; and whether eight other programs, sometimes referred to as poverty programs, should be exempted. In the last analysis, the most contentious one was Medicaid, because in the final Gramm-Rudman-Hollings offer that the Senate made to the House we exempted seven programs ourselves. We did not offer to exempt Medicaid, but ultimately agreed to do so.

I find that, too often, people talk about the sequester process without realizing that there is a front half to the process. The front half is that Congress has the right to do anything it wants, assuming the President approves and signs the bill, to negate the possibility of a sequester. Even when Congress knows there will be a sequester, this proposal gives us a month in which to undo what the President has said will happen if we do nothing.

For the moment, I will not talk about fiscal year 1986. Fiscal year 1986 is an aberration. Let us talk about how this process works at the fullest, in fiscal years beginning with 1987.

The President will present a budget within 2 months for fiscal year 1987. That budget must have a deficit not in excess of $144 billion. The year after that, $108 billion, the year after that, $72 billion, the year after that, $36 billion, and the year after that, zero.

The President, when he presents the budget, can get to the total of $144 billion deficit in any fashion he wants. Bear in mind the deficit may be $200 billion this year. So we are talking about the President presenting a budget, within just a few weeks, to cut that deficit by something between $45 and $65 billion from present spending levels. That is an immense cut.

The President can propose a cut in defense and have high social spending figures. Or he can propose an increase in defense spending and lower spending for social programs. Or he can come in with a tax increase if he wants to. Nothing is set in concrete. But he must meet the maximum deficit amount in each fiscal year.

So the President, in February, gives us a budget which has a total deficit of $144 billion.

My guess is, based upon our meetings with the White House while these negotiations and conference meetings have been going on that the President will come in with a budget that has a 3 percent real increase in defense. If inflation is 4 percent, that would be a 7 percent increase. He may propose a termination of 30 to 50 domestic programs costing, on average, about $1 billion apiece.

The exact number of programs involved will depend upon how much money the President has to save to get to the $144 billion total, and that will depend upon the economic projections at the time the budget is presented. He will have no tax increase as he originally presents the budget.

That comes in February. Congress then has from February until September to change the President's priorities. If we think defense is too low, we can raise it. If we think it is too high, we can lower it. If we do not want to terminate 30 to 50 social programs, we do not have to. We can take it out of defense. If we do not want to do that, we can pass a tax increase. When I say we can do this or do that, I recognize that we are not unfettered in this. Any law has to be passed by both Houses of Congress and signed by the President. If he does not sign it, it does not become law.

If we try to cut defense, he will not like that. If we try to increase social spending, the President might not like that. If we try to have a tax increase, he may not like that. There will be significant negotiations between the President and the Congress, and between the House and the Senate during the months of January, February, March, and April on this whole process.

In comes the budget of $144 billion deficit. We have in Congress from January to September to change that. But we must meet the $144 billion deficit total. We can change it in any way we want, and the President will accept, so long as we hit the total.

On September 1, if we have not met that total, the President is required to issue what is called a sequester order, which requires an automatic, across-the-board cut in order to meet the $144 maximum deficit amount. We have not left him a great deal of lati-

tude. We have exempted some programs, and we have said to the President, with a few minor exceptions, that the remaining programs must be cut across-the-board evenly. He cannot decide to keep all of the Economic Development Administration and terminate Amtrak. If the sequester order calls for a 5-percent cut, he has to cut 5 percent on each one.

So for those who fear that the President is being given unbridled discretion, that is not like the old impoundment authority prior to the passage of the Anti-Impoundment Budget Act.

The President cannot sequester the programs Congress has exempted, and he must sequester equally the ones that we have left. And we have indicated that half of the sequester must come from defense and half must come from nondefense.

If, on September 1, the President issues a sequester order, Congress then has from September 1 until October 1 to say, "No, we do not like that sequester. We do not want to cut spending by 5 percent across the board. We want to get rid of a program totally and we want to keep another program."

Or we can say, "No, we do not want the sequester to be that big. We want to cut both defense and social spending in certain areas but not in other areas."

By October 1, if Congress has not done anything, then the sequester order will go into effect. October 1 is the start of the fiscal year and the cutting will take place across the board.

You can argue that that is bad budgeting because it presumes that no program that is left to be sequestered is worth any more than any other program, that there are no priorities. Education is no more important than Forest Service and the Forest Service is no more important than Amtrak and Amtrak is no more important than any other program when you are going to sequester them evenly across the board.

Congress will have two bites of the apple. We will have from January until September to reorganize the President's priorities as he presents them to us in the budget. We will have the month of September to reorient the sequester order cuts, over which the President has no discretion, if we do not like where they are going to fall.

It is only if we do nothing from January until September and then do nothing in September that the sequester order goes into effect, a ministerial act by the President.

There are those who would say that this amounts to an unbridled delegation of authority to the President. I would say, first, it is not unbridled. It is a delegation but it is not unbridled. It certainly lacks discretion.

I think many of the critics really are saying this: We would rather, assuming Congress does nothing, have a $200 billion or $250 billion deficit than to delegate a rather limited and circumscribed power to the President to order spending cuts.

That is really what we are talking about.

Those of us who support the Gramm-Rudman-Hollings procedure are saying we would rather reduce the deficits with the concomitant good for the economy and the lowering of interest rates. We would rather do that, even if it means delegating to the President the power to put into effect ministerially these spending cuts, than do nothing and have the deficits.

If Congress, in two tries, is unable, for whatever reasons, to get its act together, if we cannot do it because a Democratic House and a Republican Senate cannot agree, or conservatives cannot agree with liberals, that is our fault. It is not the public's fault and certainly not the President's fault.

That is the way the process basically works.

As I say, for fiscal 1986, the fiscal year which started in October, the process is unusual and abnormal because we normally presume that Congress will have 8 months to look at the President's budget and to reorganize priorities. Now we are 3 months into the budget year. So the procedure should not be looked at as typical.

Make no mistake about it. This bill is a historical watershed. If this does not work, or if Congress and the President attempt to frustrate it and are successful in frustrating it, we will lose our last significant opportunity to deal with the deficit.

I am tired of economic theories. I have been on the Finance Committee for 10 years and the Banking Committee for 8 years. I think I have heard all of the great economists in this country and the world testify. Some have had Nobel prizes in economics or have headed some of our great university economics departments. They have all testified. They are nice people.

The Senator from South Carolina can remember that there was one who would come in every January and tell us on the committees what would happen in the ensuing year. I had read what he had said in the previous January as to what was going to happen. It had not happened. When he finished his testimony, I said, "Professor, let me indicate what you said last year" and read his testimony.

It did not happen. Can you explain why it did not happen?

Yes.

Why did it not happen?

Unforeseen intervening circumstances.

Is there any chance that in the coming year there can be unforeseen intervening circumstances?

No. We have a handle on it now.

Well, the profession of economics is a very respected profession. They just do not agree.

I am convinced, with the sponsors of this bill, that somewhere you pay the piper. You cannot go on with $200 billion deficits. I do not care what you argue about defense spending and other spending, you cannot go on with $200 billion deficits year after year without adverse consequences. Maybe the people who buy Government bonds will quit buying them.

Maybe inflation will come back again. What was it 4 years ago—15 percent and interest rates at 20 percent?

Do you think that cannot happen in this country again?

Of course it can happen. It is more likely to happen with $200 billion deficits than with reduced deficits.

I know we are going to have a lot of debate on this. I do see all of the principal sponsors here. I hope we will adopt this conference report, not because anybody in the House or Senate can guarantee that it will work exactly as we hope it will work. There is no one who can guarantee that with regard to any bill we pass. I think most of us feel, however, we can guarantee what will happen if we do not adopt some process to reduce the deficit. It is worthy of a try.

I think it is constitutional. We know it will be tested in court. We have put into it a procedure to expedite the test in the court.

In my 17 years in the Senate, however, I do not think we will have adopted any piece of legislation for which we have greater hopes, to which greater intellectual effort has been given, and which I see personally as a greater opportunity to steer this country on the right course.

Mr. President, I urge adoption of the conference report, and I pray that what we are about to undertake will work.

Mr. JOHNSTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I congratulate the distinguished Senator from Oregon, the distinguished Senator from New Mexico, and the many others who have worked on this conference report. This bill is a greatly improved bill. It think it has built-in flexibility. I think many of its sharp edges were taken off. I think it is a much better piece of legislative machinery than when it left this body. It is immensely better than what I called an Armageddon piece of legislation when it was first introduced.

It is in that spirit, Mr. President, that I signed the conference report, because I believe the conferees on both sides of this Capitol worked hard to improve the bill and indeed did make it a better bill.

In that sense and in that spirit I signed the conference report.

Having said that, Mr. President, I would still say that those who supported this bill initially—and they did overwhelmingly in the Senate before—will therefore want to support it even more strongly because it is a better piece of legislation. That brave, small band of us who opposed it initially—and as I recall, there were only 24 of us—at least in my view will find no comfort in the changes made sufficient to cause us to change our minds. At least speaking for this Senator, I do not. But I think it is useful, since we are making a historic record today, and this is going to pass, and I suspect it will pass by an equivalent proportion to that which it initially received—and indeed, it should because it is a better bill than when it left here—I think it is useful to say how we got here and where we go from here, what the likely results of this bill are.

First, how did we get here? We got here because of the failure of the process—because of the failure of the President of the United States, in my judgment, to do his duty; because of the failure of the Congress, in my judgment, to do its duty; because of the failure of the people of this country to understand what it is all about; and I might say finally to our friends in the fourth estate, the failure of the press to tell the people what the facts are. In a word, Mr. President, we got here because the people, the Congress, the President, and the press all want that which never was and never can be. That is, they want a balanced budget without cuts, without pain, without taxes, without taking the blame, without taking the responsibility, without measuring up to those duties of statesmanship which require occasionally that we say "no" to our most profligate desires to spend and to avoid pain. None of us as institutions—not the President, not the press, not the people, and certainly not Congress—have been equal to the task.

Mr. President, I well remember when a group of southern so-called conservative Senators were called into the White House to speak to the President—I guess it was in 1981—on the eve of consideration of the so-called Kemp-Roth tax cut. That was the 3 years of a 10-percent cut each year. We all remember that eventually was passed into law, but it was at a reduced 10-10-5 reduction level. In any event, on the eve of the passage of that measure, we were called in to speak to the President and Donald Regan who, at that time, was Secretary of the Treasury. The question of linkage was on the minds of many of us, especially myself. That is linkage between those deep tax cuts and the performance of the economy. I said to the President:

> Mr. President, what happens if, after the first year, or indeed, the second year, we do not get the performance in this economy we expect, that is we do not get this supply-side bonus, if deficits are large, if our unemployment is not down, if all of these good things that are supposed to happen to the economy do not happen? What do we do? Cannot we build in linkage that fails to trigger or prevents the triggering of the second or the third year of the tax cut in that event?

About that time, the President said, "Well, we want it as it is." Donald Regan said, "Wall Street insists upon assurances of tax cuts in order that they may act upon them."

That seemed not very persuasive to me, but about that time, my colleague, RUSSELL LONG, who has been around here for 37 years now, said:

> Mr. President, I have heard my colleague speak and while I agree with him, I am not going to require that linkage be built into the legislation because I know from experience that if this thing does not work out as you and Donald Regan say it will, you will be the first one in here to want to rescind that second year or that third year of the tax cut, because Presidents always do that.

I thought to myself, "Well, RUSSELL, you sly old fox. You have been around here. You have had the experience to know that, sure enough, if this thing does not work out, the President will propose the rescinding of that second year or third year of the tax cut."

Sure enough, Mr. President, it did not work out and deficits began to go to astronomical proportions. The national debt doubled inside of a period of 5 years and deficits of a kind and quality and proportion, measured any way you want to measure them—as a percentage of GNP, in nominal terms, in real terms, whichever way you want to say it—have gone through the roof. But my colleague was wrong, Mr. President, because the President of the United States was not deterred by the size of those deficits. Not only did he not propose the cutting of those tax cuts or the restraining of those tax cuts; he said, "Full speed ahead. Just over the horizon there somewhere, there is the pot of gold at the end of this supply side rainbow. It is going to save us."

And somehow, at some point, I do not know when it was, we all began to see that the emperor wore no clothes, that the supply side bonus was implausible to begin with but, at least, we relied upon the fact that somehow, this President was going to restrain his most incontinent desires and propose or at least cooperate with the Congress in restraining that deficit.

But not only has he not proposed it, he has blocked it every step of the way. Most recently, when we had a bipartisan group on the Budget Committee which proposed cutting all programs, including entitlement programs, including Social Security, restraining the increase in those, cutting across the board in all spending programs and having a modest tax increase—oh, no, we could not have that.

Lest we put all the blame on the President, Mr. President, we all know, of course, that Congress has richly cooperated; indeed, at that very meeting when the President shot down the bipartisan proposal, it was a meeting with the Speaker of the House, who is a member of our party and the quintessential Member of Congress, who met with the President out on the lawn and over a bourbon and branch water, said, "Well, we will make a deal. No taxes, no Social Security, let us just charge it all up to the deficit."

So it is the President first, the Congress second. And all the while, the people out there all across America do not know. They think this inside-the-beltway secret we have is indeed something that they are not concerned with; if only we would do what is right and cut fraud, waste, and abuse, we could settle this whole thing easily.

Well, Mr. President, it has not worked and it is a severe indictment of the failure of the President, the failure of Congress, the failure of the press, and, I believe, indeed, the failure of the American people. I would love to believe that Abe Lincoln was right when he said, "You can fool some of the people all of the time, and all of the people some of the time. But you cannot fool all of the people all of the time." It looks like on budgets, you can fool most of the people most of the time, because they have not gotten the message yet.

Well, I guess if we have "all of the time" less "a long time" they will get the message, because there is one thing about the Gramm-Rudman-Hollings bill: there is a message there. It is a strong message and it is a bitter message, and it is coming rather soon.

Will it work? Mr. President, I sincerely hope so. I must say as a member of this conference that I told my coconferees that, although I was opposed to this legislation and continue to be opposed to it, I would do everything I could to be a constructive influence to make it work better.

But, Mr. President, I do not believe it is going to work.

Lest I be regarded as someone who is trying to make it not work, let me just say I am going to do everything I can to help make it work, and I must say I have done so on the conference committee. But let us just examine what I believe is going to happen. It is a message that I do not think has gotten through to the White House. I do not think they have any idea what is going to happen to them under this. And I do not believe the American people do.

We start off the first year—that is, early next year in February—with cuts that will total $11.7 billion. No particular problem there. There will be a small ripple on the radar screen, but no particular problem.

But what is going to happen, Mr. President, is that we have to come down to a $144 billion deficit the next fiscal year, or by September 1, under this timetable. The only way you can get out of meeting that target is for the Congress to pass legislation which cuts $50 billion in outlays or raises taxes by the same amount, or if 60 percent in both Houses vote to waive it and a President signs that waiver.

Now, Mr. President, $50 billion is an enormous amount of outlays to cut. Let us look at what $50 billions means. We are talking about outlays, not about budget authority. Now, again, Mr. President, this business of the difference between budget authority on the one hand and outlays or expenditues on the other hand has been thought up to this time to be another "inside-the-beltway" bit or arcanum that nobody cares about, well, they are getting ready to care because, for example, a $50 billion cut—and that has to be divided between 50 percent in defense and 50 percent from the other side—means that you have to have a $25 billion cut in outlays, which will translate to a budget authority cut of perhaps $75 to $100 billion, which is maybe a quarter or a third of the whole defense budget.

Let me repeat that, Mr. President. By September 1 of next year, unless the Congress otherwise acts and differently acts, you are going to have to cut the defense budget by $25 billion in outlays, which will translate to perhaps $75 to $100 billion in budget authority, which is about a third or a fourth of the entire defense budget.

Now, have we in this Congress acted like we are going to cut the defense budget? Oh, no, of course not. Every time a weapons system comes up here, do we cut it? No. We increase it. Just yesterday, Mr. President, with the so-called strategic defense initiative—the biggest most expensive program by many, many times over in real terms or in nominal terms that any country anywhere on the face of the Earth has ever thought about—we are getting into it deeper. We doubled the budget in the strategic defense initiative just yesterday. When the MX comes up here, we say, "Yes, we will take one of those, too." When the B-1 bomber comes up, "Yes, we will take another 100 of those," and all the while we say we want the ATB, and I am strongly committed to the so-called Stealth or ATB. I am strongly committed to the Midgetman, which is going to probably cost another $50 billion. I am strongly committed to the so-called JCX, which is probably another $20 billion, and that is a very good tilt-wing airplane. And the LHX, the new helicopter, and the attack submarine and the new fighter. The D-5 missile I think is one of the most important new developments in the whole arsenal. Are you going to be able to fund any of these with a third to a fourth cut in the entire defense budget? Of course not.

What is the Congress thinking about with this kind of machinery that says you have to cut that much of the defense budget? Just what are we thinking about? We are acting one way and doing something else. It would be a silly thing, were the consequences not so tragic for this country.

I do not blame Caspar Weinberger for being strongly opposed to this bill.

Now, you say, "Well, yes, this is a train wreck but the Congress can avoid the train wreck by doing something else." Well, by doing what? By getting together with the President and cutting $50 billion out of this budget? Is that how we think we are going to avoid that train wreck? Why, the President said he is against raising taxes and he is against cutting the defense budget. So just where is this meeting of the minds going to come together and cut $50 billion from outlays, not in appropriations, not in budget authority but in outlays? Who thinks the President is going to get together with us that quickly? Why, if he does, he is going to have to back up not on one statement, not on scores of statements. He is going to have to back up on his whole political career, on the whole theme of his Presidency. He has to back up and say, "No, I am sorry, I didn't mean it when I said something about supply side or something about no tax or something about the need to build up against the evil empire and have a stronger defense. No, I did not mean any of that; I didn't mean that, Congress. We are going to get together and cut defense and all these other things. We are going to get together and raise taxes to the tune of $50 billion."

Now, who believes that? Nobody believes that, but that is the kind of train wreck we are setting up here. We are doing it in this piece of legislation.

So that is your alternative. We will either have to dream that "impossible dream" of agreement with the President or we will have this automatic thing take over, and automatically it is going to take all the political pain out.

I guess we can say, "No, I wasn't for that, I wasn't for that set of cuts, Mr. Constituency. I would not have cut your such-and-such program in that way. I had another set of cuts." But if you vote for Gramm-Rudman you are going to have to take the blame for it, and there is going to be a lot of blame. It is not just that you are going to have to look at these little programs back home, the highway program where you are not going to be able to build highways or bridges. You are going to cut the most basic things in this country, because in my judgment we are just not going to be able to make that agreement with the President of the United States.

Well, if it is that bad on defense, if it calls for the impossible cuts in Congress—and even the doves do not think we ought to cut out every defense program, cut it down to the bone—if it is that bad on defense, how is it on the other side? Well, I will tell you, Mr. President, that half of the other cuts—and this is $25 billion in outlays, not in budget authority, not in appropriations again—we have to keep stressing that inside-the-beltway bit of esoterica, because it is going to come like a freight train bearing down on every American, not just the Pentagon but every American—that $25 billion in outlays is going to be spread over a number of programs. Not Social Security; we took that off limits. Not some eight other programs including Medicaid; we have taken those off limits. You are going to be able to get about $5 billion by COLA restraint for which this bill calls. And the rest of the $20 billion is going to be spread over a fairly small area of discretionary nondefense programs—$20 billion in outlays.

How deep are those cuts going to be? Well, it is going to be about a one-third cut in those programs, about a one-third cut across the board. Now, when you get into those cuts, do you have flexibility? Oh, no. Oh, no. The Congress is saying, and when the President signs this they are saying, you have to treat each account alike. Each account, other than these which have been taken off and insulated, are of equal dignity. You have to cut each one, each budget account, each appropriations account by an equal amount. Some will outlay quickly and you will be able to cut them without destroying the accounts. Others will outlay slowly so you have to cut $4 or $5 in appropriations for every dollar of outlays, and it is going to decimate you.

You say, "Well, that's so bad that you will be able to get together with the President." Well, I do not think so.

Mr. President, there is a saying that has gotten to be almost a cliche with respect to the way this bill is described. It is like the person who writes on the bathroom mirror, with lipstick, "Stop me before I kill again." This bill is like that. But when you say, "Stop me," it is like taking poison and being out in the desert and not being anyplace where you can get the antidote, because the antidote calls for the degree of statesmanship and cooperation between the White House and Congress which has not been forthcoming.

The fact that it is going to be a train wreck is not going to be helpful. You are not going to be able to get this President, in my judgment, fundamentally to change his view of national defense and fundamentally to be able to change his view of taxation in order to go along with this bill. It is too inflexi-

ble, because it cuts each account similarly. It has no flexibility for economic conditions.

Once we get into a recession—and it is not a question of if but a question of when, unless we have repealed the fundamental laws of economics, and no one has ever suggested that, neither conservatives nor liberals. At some time, we will get into a recession. Most say it will be within the next 5 years. What happens to this plan then? Or, what happens to it in the meantime, when you see that you may be tipping over into a recession? There is no fail-safe for that.

What we ought to do in Congress, in my judgment, is live up to our constitutional duty. The duty of this Congress is to raise money and to appropriate money, among other things—that is, to set priorities, to micromanage the budget, to decide what things are more important and how important and when, and how revenues should be raised and when.

Not every appropriation account is of equal dignity. They cannot all be put in large categories of off limits or on limits, or 50-percent defense or 50-percent nondefense, because it simply does not work that way.

In searching for the easy solution, in searching for the political solution that will not hurt anybody, we are creating, in my judgment, the worst of all worlds. We are creating a situation that will not be nearly as easy to get out of as everyone thinks. On the one hand, it is going to take 60 percent of both Houses of Congress plus a Presidential signature. Or, on the other hand, it will take a cooperative effort with the President in cutting defense and in raising taxes, which does not seem to me to be within the realm of possibility, at least not now.

Mr. President, I hope I am wrong. If I am, I will give all the credit to those who have labored hard and in good faith and with a feeling of patriotism and concern for this country and its deficits, and I will say that those who are the leaders of this movement are not the ones who have been chiefly responsible for the problems of deficits. They have, in fact, been in there, willing to join in bipartisan coalitions to cut it. I will give them all the credit.

I fear that it is not going to happen. I fear that it is not going to have that salutary effect.

There was a radio program some years ago called "The Shadow," which started off with the line: "Who knows what evil lurks in the hearts of men? The Shadow knows."

Well, who knows what evil lurks in Gramm-Rudman-Hollings? Nobody knows, Mr. President. But I sure suspect.

[Laughter.]

Mr. HOLLINGS. What about big oil? You have covered everything else.

[Laughter.]

Mr. DOMENICI. Mr. President, I will not speak long, because I know that the original sponsors are waiting to speak. It is pretty difficult to follow Senator JOHNSTON's excellent remarks.

I think the American people sense that something evil is occurring right now, if we cannot get the deficit down. That is why they support this legislation. They may not understand how it is going to work or be convinced that it will work. Some who have lived with this for weeks may have a little trepidation about whether we know exactly how it will work in every detail or whether it will work as we intended it to.

I heard this morning on some of the newscasts that some Senators and Representatives were predicting gloom and decrying a terrible new system we have invented. I was trying to come up with an answer, since I figured somebody would ask me. Basically, I responded this way in my own mind: Could it be any worse than what we have? I concluded, "No."

It is not the greatest way to manage a magnificent country. But we have political gridlock at this point, and the existing processes of our Government, executive and legislative, invite the continuation of the gridlock.

In no way are the principal players in this legislation creating the gridlock with their good intentions and the positive, absolute convictions that were brought to the table. In many quarters, however, there is tacit encouragement for the gridlock to remain, and so long as that attitude is unchallenged, the deficit does not go down; it goes up.

So I ask the question: Difficult as this sequestration is, it is difficult to predict how our political institutions may act in the first year, in 1986, to posture themselves. Some may conclude, "Let's not act; let's see if sequestration occurs." I cannot figure out all those dynamics yet.

If you are concerned about the continuation of $200 billion deficits, with little or no hope of ameliorating them during good times to a substantial degree and in a predictable way, then I can tell you, having been in the middle of this conference, that this bill is more apt to solve the problem than leaving the system the way it is.

I believe that the President will have a difficult time producing a fiscal 1987 budget by February 5 at a $144 billion deficit. On the other hand, he is given the same latitude on details as he is given now, except that the maximum deficit allowed is $144 billion. The President can request as much defense as he wants: He can seek 3 percent real growth; he can put in for 4. That is his right and duty as President. Then he can look at all the rest of the programs of this Government and tell us, "I believe we have to cut substantially more than last year." That is the President's prerogative.

Ultimately, however, how much goes to defense and how much we cut from the rest of the programs is a collaborative effort between a President and Congress. Compared with the way the system works now, I believe that the chance of our getting together on a budget that will yield a deficit no greater than $144 billion in a reasonable manner, rather than the alternatives of one party getting its way exclusively or everyone suffering the across-the-board penalties of sequestration, are very much enhanced under this process.

So, after more than 3 months of work and extremely intensive study, the Senate has before it the conference report on Gramm-Rudman-Hollings Balanced Budget and Emergency Defense Control Act of 1985.

There are some who will still say there are unanswered questions. Well, there are, but few bills on fiscal policy have received such intensive attention. Fewer still hold any real promise of forcing Congress and the administration to confront the problem of high deficits. For those who have in the past talked about balanced budgets, constitutional or otherwise, this 3-month exercise ought to serve at least as a notice that it is not as easy as some people thought. It is complicated. It is difficult because our present $1 trillion budget has a lot of complexity and dynamics built into it.

If I may look back over these past 3 months, Mr. President, I will recall how the Senate now has come to this situation. The distinguished Senators GRAMM, RUDMAN, and HOLLINGS joined forces to bring to the Senate this balanced budget and emergency deficit control act. It was their concept. It was a good concept and it remains a good concept. It came at the right time, the exact right time. We were debating increasing the public debt limit to $2 trillion. It had elements that held the promise of forcing some responsibility from both Congress and the President. The concept was simple but forceful: If Congress will not act prudently, then we will impose across-the-board impartial cuts in order to reduce deficits.

So I rise today to congratulate the three original sponsors of this bill for their concept, and the timeliness and prudence of their initiative. I have worked with them and with the distinguished chairman of the Finance Committee, Senator PACKWOOD over the past 3 months. Working together, I believe we were able to improve the bill.

After the first conference on the matter broke down, we were able to further improve the legislation. In all, the Senate passed 75 amendments to this legislation prior to our last confer-

ence with the House of Representatives.

In short, the Senate sent its conferees to meet with the House with a good product. We have come back with what I am convinced is even a better product. It is still not a perfect product, but no one can draw perfect legislation on matters as complex as this. I would just say that this is a very good bill, and if it is carried out, it holds the promise of imposing fiscal discipline of the highest order. This bill sets targets for the deficit each year for the next 6 years culminating in a balanced budget in fiscal year 1991. These are not unreasonable reductions.

The bill establishes procedures for congressional and Presidential action if in any one year the deficit targets are not reached. It provides for an even-handed approach, based upon across-the-board percentage cuts for the vast majority of Federal accounts. It treats defense and nondefense programs equally, demanding equal sacrifice from both.

As I see it, this is simply the most ambitious and well-crafted attempt to force a balanced budget that has come before this Senate in all the years this Senator has been here. We have held many hearings and heard many proposals on how the budget should be balanced. We have considered legislation to do the job, including amending the Constitution. But the bill now before us is the best legislative effort I have seen.

Mr. President, I ask unanimous consent to print in the RECORD an explanation of the major features of the conference agreement.

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

BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985—SUMMARY OF CONFERENCE AGREEMENT

An automatic deficit reduction procedure would be established for FY 1986 through FY 1991, when the deficit would reach zero. The deficit targets for each FY would be as follows: FY 1986: $171.9 billion, FY 1987: $144 billion, FY 1988: $108 billion, FY 1989: $72 billion, FY 1990: $36 billion, FY 1991: Zero.

In the event that the deficit is anticipated to exceed the required levels for any fiscal year, the automatic procedure would be used to achieve across the board reductions in the Federal budget.

1. TRIGGER MECHANISM

The Office of Management and Budget (OMB) and the Congressional Budget Office (CBO) would submit a report to the General Accounting Office (GAO). This report would estimate the deficit for the fiscal year and the amount by which the deficit exceeds the level specified above. If the deficit excess is $10 billion larger than the maximum allowance deficit for fiscal year 1987-90, an automatic deficit reduction procedure would trigger. In the event that this automatic deficit reduction procedure (known as sequestration) is required, both the CBO/OMB and GAO reports would identify the specific budget authority and all other factors (COLA amounts, outlay reductions in the case of direct spending programs, direct loan obligations, etc.) to be sequestered and which are required for the President to write the order at the appropriation account level.

The CBO/OMB report would contain all of the information needed to prepare the Presidential order and, in essence, would constitute a draft order. GAO would review the report provided by CBO and OMB and, with due regard for these findings, would prepare a report to the President.

If any part of these reporting procedures is declared invalid, fallback procedures, using a temporary joint committee on deficit reduction, would apply.

2. THE SEQUESTRATION AMOUNTS AND TIMETABLE

As noted above, the maximum deficit amount for FY 1986 would be $171.9 billion. In January a "snapshot" would be taken of the FY 1986 deficit amounts by OMB and CBO. New economic forecasts would be used. The amount to be sequestered for FY 1986 would be determined by subtracting $171.9 billion from the adjusted deficit amount and multiplying the result by 7/12's, with the further stipulation that the maximum sequestration would be $20 billion on an annual basis. For this fiscal year only, sequestration would begin on March 1. Therefore, the 7/12 fraction is the number of months remaining in fiscal year 1986 divided by 12. In FY 1986 and FY 1991, sequestration would occur if the deficit exceeded the target by any amount.

In FY 1987-90, sequestration would occur only if the deficit exceeded the target amount by at least $10 billion.

The accelerated timetable for FY 1986 would be as follows:

January 10, the "Snapshot" of the deficit for FY 1986 is taken.

January 15, OMB and CBO report to GAO.

January 20, GAO issues the report to the President, based on the finding of CBO and OMB.

January 21, Congress convenes.

January 25, the President submits his FY 87 budget.

February 1, the Presidential order is issued based on the GAO report.

March 1, the order takes effect.

Any cost of living allowance (COLA) scheduled to take effect on January 1 would be deferred beginning January 1 under this plan. If it is later determined that a sequester order will not take effect, the COLA's would be restored retroactive to January 1.

The timetable for 1987 and beyond would be as follows:

August 15, the "snapshot" of the deficit was taken.

August 20, OMB and CBO report to GAO.

August 25, GAO issues the report to the President, based on the findings of OMB and CBO.

September 1, the Presidential order is issued based on the GAO report.

October 1, the order takes effect.

October 5, OMB and CBO issue a revised report to reflect final congressional action.

October 10, GAO issues a revised report to the President.

October 15, the final order, based on the revised report, is effective.

Under this timetable, the month of September would be set aside for a congressional response to the sequestration order.

3. THE PRESIDENTIAL ORDER

The amount to be sequestered is split 50-50 between defense and non-defense to achieve the deficit reduction specified in the GAO report. The non-defense category would consist of the automatic spending increase programs, all non-defense controllable expenditures and half of the Federal retirement COLA's. The defense category would consist of all of budget function 050 and the remaining half of the Federal retirement COLA's.

The Presidential order must strictly adhere to the determinations set forth in the GAO report and must be consistent with that report. For discretionary programs, new budget authority would be reduced on a proportional basis to achieve the required outlay reductions.

The following would apply to defense:

For all years, the sequestration would be made at the program, project and activity (PPA) level. In the President's initial order issued on September 1 (February 1 in the case of FY 1986), budgetary resources (new budget authority plus unobligated balances) and outlays would be reduced at a uniform rate across all PPAs to the extent necessary, given the blended outlay rates for each PPA, to reach the defense outlay target for the year. Actual sequestrations could apply entirely to new BA or entirely to unobligated balances or to a combination of both.

These PPA blended outlay rates would be derived by CBO and OMB from data then available to them as supplemented by additional data from DOD. If the outlay rate for unobligated balances in any PPA were unavailable, CBO and OMB could use the outlay rate for new BA instead. The weighted average of these rates for each account would be compared to the historical account rates previously estimated by CBO and OMB, and the PPA rates could be adjusted by CBO and OMB or by GAO to the extent necessary to make them consistent with the historical rates.

In the President's final order becoming effective on October 15 (March 1 in the case of 1986), he could reduce the amount of budgetary resources sequestered in any PPA and the corresponding outlay reduction, to the extent he was able to achieve the same outlay savings by termination or modification of contracts within that PPA. To take credit for this reduction, these outlay savings, and the reduction in obligated balances necessary to achieve them, would have to be verified by GAO no later than September 30 (February 15 in the case of 1986). If GAO were unable to verify the savings for any contract, no credit could be taken. The President would identify the contracts proposed to be so terminated or modified, together with the claimed outlay savings and reduction in obligated balances, no later than September 5 (January 15 in the case of 1986). In addition to GAO, the President would also notify CBO, OMB, and the House and Senate Committees on Armed Services and Appropriations of his proposed terminations or modifications.

The following special defense flexibility rules would be established for FY 86:

(1) Except as provided in paragraph (2) below, any adjustments can only occur within an account.

(2) The President may exempt all or any part of the military personnel accounts from the uniform sequester percentage—

(A) The President must make his decision on exemption of military personnel accounts on or before January 10.

(B) The shortfall in outlay savings resulting from any exemption of military personnel accounts must be made up by uniform cuts in budgetary resources from PPAs in all non-personnel accounts, applying the blended outlay rates for each PPA.

(3) Any non-personnel PPA may be reduced by an amount up to twice the total percentage sequester from such PPA.

(4) Items identified as Congressional interest items may not be reduced by an amount larger than the total sequester percentage—

(A) Congressional interest items are defined as those PPAs that have been appropriated in the final Defense appropriation conference report for FY 86 at a level that is at least 110 percent of the President's request for that PPA.

(5) No base may be closed.

(6) No PPA may be increased to a level above its presequestration appropriated level.

4. TREATMENT OF PROGRAMS

Interest on the national debt and the Social Security program would be exempt from sequestration. Eight low-income programs would also be exempt: Medicaid, AFDC, WIC, SSI, Food Stamps, Child Nutrition, Veterans Compensation and Veterans Pensions.

Special rules would apply for: foster care and adoption assistance, unemployment compensation, child support enforcement, guaranteed student loans, and the Commodity Credit Corporation. A number of technical exemptions are also made.

A special procedure (known as category Ia) would also apply for the following health programs: Medicare, Veterans Health, Indian Health, Community Health and Migrant Health. These programs would be subject to a sequestration cut of 1 percent in FY 1986 and 2 percent in FY 1987 and thereafter. The reduction would be calculated after including any scheduled increases. If no increases are scheduled, there would be a reduction below the current level.

The reductions in the remaining non-defense programs must be sufficient to achieve 50 percent of the total sequestration amount.

5. CONGRESSIONAL RESPONSE

In the Senate, a procedure would be established to allow the Senate Budget Committee to affirm, in whole or in part, the sequestration order and provide for a congressional response using a reconciliation-type process involving both instructions to committees and the actual legislative language fulfilling the instructions.

6. ECONOMIC CONDITIONS

Special procedures would be established to allow the Congress to suspend certain provisions of the Act in the event of a recession. This recession escape clause would be triggered, by a CBO notification to the Congress under either of the following circumstances:

CBO or OMB forecast or estimate that real economic growth will be less than zero in any two consecutive quarters during the six quarter period beginning in the quarter prior to the CBO notice; or

Department of Commerce reports that actual real economic growth for any two consecutive quarters is less than one percent.

If either of these circumstances exist, the Majority Leader of each House would be required to introduce a joint resolution suspending the relevant provisions of the Balanced Budget and Emergency Deficit Control Act of 1985 for the remainder of the fiscal year and for the following fiscal year.

The Act specifies the content of the joint resolution and provides that the resolution be referred to the respective Budget Committees. Within 5 days, the Budget Committees must report the resolution without amendment to the respective House or be discharged. The resolution would be considered under expedited procedure in both chambers and would not be subject to amendment.

7. CONSTITUTIONAL ISSUES

Both the House amendment language pertaining to nonseverability and the Senate amendment language pertaining to severability would be deleted.

Expedited judicial review would be provided for Members of Congress seeking anticipatory review of the reporting procedure and the constitutionality of the Act, or questioning Presidential compliance with sequestration procedures. Also, the legislation provides expedited review for Members of Congress and adversely affected citizens challenging the constitutionality of the Act upon the issuance of a sequestration order.

If the President employs a claimed constitutional prerogative not to comply with sequestration procedures, the entire order would be null and void upon a Supreme Court finding that the President's action was valid.

The legislation would also provide for a fallback procedure in the event that any part of the OMB/CBO/GAO reporting procedure is found unconstitutional. Under these circumstances, the OMB/CBO report would be transmitted to a temporary joint committee on deficit reduction, composed of the members of the House and Senate Budget Committees. The joint committee would report a joint resolution which could then trigger sequestration if enacted. Expedited consideration in both Houses would be provided.

8. BUDGET ACT PROCEDURES AND CHANGES IN RULES OF THE HOUSE AND SENATE

The legislation adopts many of the congressional budget reforms proposed in the 98th Congress by the Task Force on the Budget Process, the Committee on Rules, which is commonly called "the Beilenson Task Force" in reference to its Chairman. Specifically the legislation provides for an accelerated congressional and executive branch timetable, expands the application of the Budget Act to cover credit authority, includes off-budget programs in the congressional and executive budgets, and streamlines the congressional budget process by providing for an annual budget resolution and by removing unnecessary obstacles to the consideration of authorization and appropriation bills.

The proposed congressional budget timetable is as follows:

"On or before," action to be completed:

First Monday after January 3,[1] President submits his budget.

February 15, Congressional Budget Office submits report to Budget Committees.

February 25, committees submit views and estimates to Budget Committees.

April 1, Senate Budget Committee reports concurrent resolution on the budget.

April 15, Congress completes action on concurrent resolution on the budget.

May 15, annual appropriation bills may be considered in the House.

June 10, House Appropriations Committee reports last annual appropriation bill.

June 15, Congress completes action on reconciliation legislation.

June 30, House completes action on annual appropriation bills.

October 1, fiscal year begins.

MAJOR CHANGES IN THE BUDGET PROCESS

A new point of order would apply against a budget resolution, of amendments thereto, in excess of the maximum deficit level. (In the House to waive this point of order against a conference report would require ⅗th of members present and voting.[2]

After May 15 appropriation bills may be considered in the House.

The May 15 reporting deadline for authorization bills is eliminated.

Committees would be required to file 302(b) reports.

In the House of Representatives, Section 302(a) allocations of new discretionary budget authority, new entitlement authority or credit authority would be binding and enforced by a new point of order. In the Senate Section 302(b) allocations of budget authority and outlays would be binding and enforced by a new point of order.

Mr. DOMENICI. Mr. President, there is an additional item I wish to make clear for the record. Contrary to reports that have been brought to my attention, there is no implicit exemption in this legislation for certain foreign affairs programs that are funded under international agreements.

Section 255 specifically lists all of the exempt programs and activities, including three international programs that are exempt from sequesterization: the Treasury exchange stabilization fund, the foreign military sales trust fund, and payments to the Foreign Service retirement and disability fund. Four other international programs include prior legal obligations that are exempt and listed in the act: AID housing insurance guarantees, Export-Import Bank direct loans, International Trade Administration, operations and administration, and the Overseas Private Investment Corporation guaranteed loan program.

The programs listed in section 255 are the only ones fully or partially excluded from sequesterization. All other programs, including international programs that are associated with international agreements, are subject to sequester. For many decades these programs have been funded through the annual appropriations process to the extent that funds are available.

There is no truth to the reports that payments to the multilateral development banks, U.N. dues, or payments to countries that host U.S. military bases are exempt from sequester. This Senator can assure the Senate that these programs will be treated the same as the many domestic and national security programs that will be sequestered in March and October 1986 if Congress

[1] February 5 for fiscal year 1987.

[2] In the Senate all points of order created by this legislation would require an absolute ⅗th vote to waive.

and the President fail to meet the deficit target in this legislation.

I yield the floor.

The PRESIDING OFFICER (Mr. KASTEN). The Senator from Texas.

Mr. GRAMM. Mr. President, I rise in strong support of the conference report. This is not the hour for debating the merits of the proposal. I think those merits and demerits have been debated in full.

Our colleague from Louisiana raised a question about whether some evil lurks in this bill. I think one thing is clear: In the 7 years I have been in Congress, no bill, at least in my opinion, has received the intense debate and analysis that this bill has. Whether it succeeds or fills obviously will be determined by history.

But if you look at the people who worked on this bill and the amount of time, effort, and energy that has gone into it, this bill is the most thoroughly analyzed piece of legislation that I have observed in my 7 years of Congress.

I think basically there are three relevant issues to be debated here today:

First, how did we get here?

Second, what changes have we made from that first bill that was introduced over 3 months ago?

And, third, where do we go from here?

We have reached this point, Mr. President, because the program adopted in 1981 did not solve all the problems of the country. Let me review the progress, the success, and the failure of that program because it is relevant to how we got here.

In 1981, we adopted a change in Federal policy aimed at changing the country by changing the Government and we promised in that program that we would achieve results. We said we would stop inflation, and we have. Inflation was the No. 1 problem in the country in 1980. It was the scourge of a whole generation. It had made it impossible for people to save and provide for their future and for the future of their children, and a large part of the American people elected Ronald Reagan and many Members of this body to deal with that problem. Whatever anyone would say about the 1981 program, it achieved that result. We have stopped inflation cold in its tracks.

We were in a period of economic stagnation in 1981 and we promised the American people that with budget restraints and tax cuts we would put America back to work, and we have. As of the day before yesterday, 10.1 million jobs have been created in the private sector of the economy: more permanent, productive, taxpaying jobs in the private sector than all the makework Government jobs programs ever adopted in American history.

We promised we would cut taxes and provide incentives for people to work, save, and invest. We have and the people have.

We promised we would save Social Security, and we have. We promised we would rebuild national defense, and we have.

But there is one promise we made that we have not delivered on and that promise was to balance the budget. This program we are considering today sets into place the mechanism to fullfill that promise.

This, in fact, completes the Reagan program by setting up a mechanism to achieve that final goal.

We got here because in 1981 we adopted a 3-year plan to put the Federal Government on a budget. The first year Congress delivered 90 percent of the savings it promised. The second year only 40 percent. The third year we achieved no savings whatsoever. In the fourth year of the Reagan program, revenues grew by over 10 percent because of the explosion of economic activities, but Federal spending grew by 11 percent and the deficit grew.

Last year revenues again grew by over 10 percent, but spending grew by 12½ percent. The budget process has failed.

We introduced the bill to deal with that problem.

This program is based on a procedure that is now used more or less in 43 States to meet legislative and constitutional prohibitions against deficits.

The distinguished Senator from South Carolina and many other Members of this body have employed a similar system in their State governments as Governors to control spending. The idea here is a simple idea. It is a straightforward idea.

Now, once printed, our bill may be 300 pages long. But that is only because it is technically difficult to do simple things because the Government is complicated and, quite frankly, it is a lot harder to control spending than it is to try to let it run rampant.

Trying to stop the growth in spending is like trying to retrieve land mines once they have been put down. The people who are spending go out and hide these mines beneath the grass, and that is easy. Going around with a bayonet trying to dig up all these spending programs is hard work. That is why this bill looks complicated, but the idea is simple.

How is this bill changed from the first bill that we introduced? If you were for that bill, should you be for this one?

Let me go over the changes. First of all, when we introduced this bill, we had no exemptions except the Social Security system's freestanding trust fund. Social Security is in the black because of changes we made in 1982 in both spending and taxes.

Some have said, "You had no exemptions then and you have eight exemptions now." But let me try to dispel that notion.

When we wrote this bill the first time, we were unable to make many parts of the budget controllable because of the definitions used in the executive branch of Government. When we wrote this bill the first time, all the payments to the States, all the contractual commitments under existing programs, could not be brought into the loop so far as an automatic reduction was concerned.

Before going on, I want to make a point that my colleague from New Hampshire often makes. There has been too much focus on the automatic cuts and too little discussion about the process that we are putting into effect. The automatic cuts are important—they are the disciplining agent—but those automatic cuts after this first year are going to occur only if we fail to do our job.

When we introduced this bill, AFDC, food stamps, guaranteed student loans, CCC, and numerous other programs were uncontrollable because of the way that the executive branch operates.

What happened since that initial introduction is we discovered how to make everything controllable within limits. As a result, you can vote for this bill today knowing that more programs are controllable, more programs are in the pot, a larger volume of dollars are available to be sequestered today, and the program is fairer and broader based today than it was the day the bill was introduced.

We have granted eight exceptions and the truth is we are talking about $75 billion out of a $1 trillion budget. And, in terms of balance, in no way does that weaken the ability of this system and process to work.

We have granted special treatment for medical programs and eliminated a tremendous inequity from the House bill. The House wanted to exempt migrant health centers and impose the full cut against veterans health care. We found that totally unacceptable in the Senate. So we did not exempt any medical program. We put them all in one pot, to be treated exactly the same.

You are going to hear discussion here about defense. What does this do to defense? Well, the truth is that what it does to defense depends on what the American people want done. I go back home and hold town meetings and people say, "Phil, what is this going to mean to defense or what is this going to mean to veterans?"

The American people support a strong defense. And as long as we are efficient in providing it, they are going to support it. This bill is going to force us to pay for defense. It is going to

force us to set high standards, including high standards on defense. But I believe the American people will pay for defense and they will pay for veterans' programs.

There are programs that will not be funded under this proposal. There are bills today that spend money on benefits that the American people will not voluntarily pay for and, as a result, when we are forced to set priorities, some programs will be terminated.

Defense and the fundamental programs that are broadly supported by the American people will do well under this budget.

We have got more flexibility today in defense than we did in the first bill or the second bill. You will remember that our idea was to allow the opening up of defense contracts to put everything in the pot. We now have a process whereby the Pentagon can determine whether they want to open a contract or not. And they have to certify through GAO that opening a contract will achieve savings. But they decide on which contracts are to be open. They have full flexibility within a program, project, or activity as to whether they want to take savings out of new budget authority, unobligated balances, or existing obligated balances by renegotiating a contract. They did not have that freedom under the original bill. Only after long debate, mostly among several people on this side of the Capitol, we figured out how to do it better and we had time to get that done.

Additionally, we have flexibility in 1986 that did not exist in the previous bills. That flexibility allows us, within an account like track vehicles in the Army, to decide where to take the savings if we have an across-the-board cut. It allows us to take up to twice as much in the way of percentage cuts in some areas in order to exempt others, if that is more efficient.

Finally, in the first year as we transition into the process, we allow the Pentagon to decide not to take any reductions in uniform personnel, to take only part of the reductions, or to take all of them and correspondingly to apply those reductions across the board in other areas.

That is flexibility that did not exist under the existing bill. And I believe that, while none of us want to see a sequester order occur, a sequester order will be far more efficient under the procedure we are considering today.

Finally, Mr. President, I want to talk about where we go from here. There has been a lot of discussion about what this bill means. Does it mean controlling spending? Does it mean raising taxes? The best analogy I have been able to come up with is the analogy about putting fat in the fire. This bill puts the fat in the fire.

We can either rend the lard from that fat, which is my goal by controlling spending, or we can put out the fire by raising taxes.

This bill does not dictate decisions, but it does force decisions. So we have Members here today who support this bill and who want to raise taxes.

We have Members here today who support this bill who want to control spending. And they are both right in supporting the bill because the bill forces decisions. It does not force taxes. It does not force spending cuts. It sets up a process, and that process is a disciplining process that requires that across-the-board cuts stand in place if we do not do our jobs.

I think it is important in looking at this debate that both CBO and OMB currently project for the 5 years of the bill that revenues will grow by $75 billion a year under the existing Tax Code because of economic expansion. To meet the targets of this bill in the first year with the sequester order coming up in March—and the targets will be lower if we adopt the reconciliation bill—in this first year about $40 billion of that $75 billion of new revenues coming from growth would have to be applied to the deficit, and we could spend the other $35 billion.

In each year thereafter we could roughly split the revenue, half going to reduce the deficit, half going to spend on Government programs. I believe if you understand that revenues are going to grow twice the amount of the existing deficit while this bill is in effect, then you understand that the challenge here is to control spending.

What that debate in tax increases versus spending control will get down to is this: What is your vision for America's future? Clearly TIP O'NEILL and those who have opposed this bill have a vision of America's future as a vision where Government is growing and providing more services to more and more people. I have a vision for America's future that is a vision of America growing, where more and more people can provide more things for themselves. And I believe that vision can be realized by controlling spending.

Finally, one last point: I know there will be efforts to amend this bill in a thousand and one ways through legislation that will be passed from this day forward. I want to assure the Members—and I can assure them not just based on what I intend to do, but what our distinguished chairman of the conference, the distinguished chairman of the Budget Committee, and the cosponsors of this bill intend to do as well—that we intend to fight those changes. If the bill needs changing after we have tried it, I will be here working to improve it. But I am not going to stand here and allow this bill to be destroyed before it has a chance to work.

In conclusion, I want to thank BOB PACKWOOD for his leadership on a bill that started out not being his bill. This was a rider put on the debt ceiling. He had plenty of big fish to fry in the tax debate, and it would have been easy for him to be indifferent about this bill. He was not indifferent about it. He became an expert on it. He became an advocate of it. It is as much his bill today as it is the bill of the three cosponsors.

I want to thank PETE DOMENICI for his leadership on this key issue. Without PETE DOMENICI's support this could not have happened. I want to thank the staffs of the Finance Committee and the Budget Committee who have worked around the clock, sometimes 48 hours, without going to bed.

I know I have gotten tired when we worked until midnight several nights in a row. But many of these people have worked all night long. Their names will not be on the bill. They will not be casting a vote for it. But they are as responsible for it and for the benefits it will produce as anybody.

Finally, I want to thank the two other cosponsors of the bill. I want to thank Senator HOLLINGS. I have sat on his side of the aisle in the House taking a position that I thought was in the interest of America, and I know the seat over there sometimes gets hot. But I want the distinguished Senator from South Carolina to know how much I appreciate his leadership. It was important. It helped forge the bipartisan support here that made this bill impossible for the House to run away from.

I want to thank the distinguished Senator from New Hampshire. His leadership, his knowledge of the law, and his efforts have been critical to making this bill what it is today and help making it the law of the land.

Finally, I repeat a comment I made the other day. The fact that we are here today reaffirms my faith in democracy. We came up with an idea. It was appealing to Congress. It was approved by the Senate on a 75-to-24 vote. The leadership of the House threw the brakes on and the special-interest lobbies activated. Every special interest group in America came out against this bill. They sent letters, telegrams, and lobbyists. But the people back home were heard as well. This bill is going to become law because the people who do the work, pay the taxes, pull the wagon, and make America work are for it, and they ought to be for it because it is for them.

I thank everyone who has had anything to do with this bill. I urge my colleagues to adopt it.

I yield the floor.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. I thank the distinguished Presiding Officer.

I also want to thank most profusely and most fully the distinguished Senator from Texas, Senator GRAMM, and the Distinguished Senator from New Hampshire, Senator RUDMAN. It has been a highly political and rewarding activity for me to work with their leadership, their brilliance, and their willingness to compromise and then at other times to be particularly tough because it has been a tough exercise.

You must understand now that it has been 3 months since we started this process. When we started we held the Senate in session over the weekend—Friday, Saturday, and Sunday—and the big complaints at that time were, we were trying to shove this thing through on the weekend, it was not thought out, and things along that line.

When we started we had a document of roughly 40 pages and said, look, folks, here is our plan to start fiscal responsibility and balancing the budget. We had it printed in the CONGRESSIONAL RECORD but now it has been expanded to about 159 pages. If we had come up with a 159-page amendment to the Finance Committee debt limit, we would have been run off the floor. There is no question about that.

It has been far more complicated trying to make it impartial, and trying to make it workable, than we ever realized. That is why we are so indebted to the distinguished Senator from Oregon, Senator PACKWOOD, and Senator DOMENICI, the chairman of our Budget Committee, and to TOM FOLEY over on the House side for their particular leadership. I want to thank them very much for all the great work they have done.

Gramm-Rudman, you cannot understand that gratitude unless you understand the sort of feel that we have—Gramm-Rudman-Hollings—they have me leaving myself out [laughter]. We will argue that case later on. But in any event, Gramm-Rudman-Hollings is a very simple and yet very complicated bill.

Simply stated it says that over a 6-year period we are going to eliminate the deficit so by 1991 the budget is balanced and the Government is back in the black.

Second, it says in order to do that, we will have periodic measurements similar to what we have in 43 States in America where the Governor, and herein the President, receives a certificate from the Comptroller that the expenditures are equivalent to revenues. If they aren't, there is an added measurement, or sequestering—simply put, a cut of an equal amount across the board to put the deficit at a specified level. The duty of the President is ministerial. I can go to one point in answering one of these articles here again in the morning paper about the constitutionality, and the powers given the executive branch.

Have no fear. No Governor nor President would want this particular power. I have never seen a Governor praised for making cuts. On the Federal side, it will be the same way. If there are cuts, voters always talk about Governor so and so's cuts this year. If cuts must be made, they will be the President's cuts. Because cuts will not be popular, the sequestering power will not be a great power. We have made it as ministerial as possible.

It is a complicated plan because the Federal budget is complicated. We followed three sorts of guidelines in coming up with the plan. We started with the idea that it must be impartial; second, that it must be realistic or workable; third, that it be politically attainable. There would be an impartiality between the executive and legislative branches. We still will write, under this particular measure, the budget in the congressional branch.

The plan is impartial in yet another way, with respect to programs themselves. Defense programs and social programs share a 50-50 split.

The guideline of workability was a difficult one to meet in these 150 pages because we had to take into account every contingency. Mind you me, we not only had an adversary press, but we had an adversary staff. We have the best staff around her. You can hear from the Senator from Louisiana all about what perils were set upon us, how it was called nuts and all those other kinds of things—stupid, crazy, what have you.

Necessarily, the staff put the meat to that particular charge.

So we have had every criticism over a 3-month period. Perhaps most difficult guideline to meet was political attainability. But we were successful because we disciplined ourselves and saying here in this particular body we were able to include Social Security in our midsummer plan. We had bitten the bullet in the U.S. Senate and said we had to hold the line on entitlements. And then Dave Broder comes and says, as if he is making a discovery, "Here is a plan." I do not know where he was in July. I do not know where he was in January. I do not know where he was in 1982, 1983, and 1984. I offered a freeze plan every year for the last 4 years and Broder acts as if he never heard of an across-the-board freeze until November 1985.

Be that as it may. We have been working dutifully to try to effect discipline. The Senate was ready to effect self-discipline. We changed the discipline, though, in order to make this thing attainable. We decided we had to put Social Security off limits. Social Security always overtakes any kind of plan. I know that from bitter experience. You cannot argue about senior citizens and who stands tallest and strongest—Democrats or Republicans—in supporting our retired population.

So we made the decision to exempt Social Security. We made a plitical decision for President Reagan by placing Social Security off limits.

The President is smart enough to get what he wants for defense. But you could not expect him to approve—I know I would not if I were President—a free-spending budget, and then permit Congress to tell him to find the revenues. As long as revenues were not mandated, we had the President on board from the very beginning.

On political attainability, our House colleagues had painted themselves into a corner. The original reaction to Gramm-Rudman-Hollings was that we were cutting everything from verteran programs to nutritional programs, everything was to be slashed.

So we said we would cut nothing. The fact of the matter is in order to make the plan politically attainable we would have to adjust the $171.9 billion trigger by some $20 billion.

I knew the level of $171.9 billion was to low. I argued against it in the adoption of the budget back in August. We adjusted the maximum allowable deficit in the first year from $171.9 billion to $180 billion. Then we found out that was not enough so we had to adjust the statistically significant average from 5 percent to 7 percent, and reduce the allowable deficit in 6 years as opposed to 5 years the month before.

The Washington Post printing a deluge of articles, trying to explicate the whole proposition. The reporters were saying that we had added $20 billion, and had not cut anything. Then they turned around and went in the other direction, trying to kill the plan by saying that there was not enough discipline. "If you really want to do it rather than 6 years, do it in 5 and rather than $180 billion let us bring it to $171.9 billion."

What we wanted to do was not to trigger it this year but to make it politically attainable, what we want to do is not to cut $30 billion by Christmastime.

Therein, faced with the complications of the measure in and of itself, and the House having painted itself politically into a corner of that type, we had Senator PACKWOOD of Oregon and Senator DOMENICI of New Mexico, who had the sense enough to allow the House to gracefully get out of that corner and come to the point where we could save this particular initiative.

Now you understand my gratitude. That is what I really wanted to touch on today, going into a little bit of historic perspective.

Yes, it has been improved upon. There is no question about that. The

opposition has been put to rout. That is not because of Gramm-Rudman-Hollings or any particular combination of Senators, but because of the people in America.

In law, what we say is an exception to the hearsay rules is when the facts speak to the individual rather than the individual speaking to the facts. Therein the people of America are speaking through their representatives. This is what our friend Broder ought to be writing about.

The best test of constitutional government is the people. They have spoken, through their representatives in office. What the people said was that something had to be done about these continuing deficits which are bankrupting the future of America. "And we want something done now," is what they said.

As our distinguished friend on the other side of the room said, this was not settled around the conference table, but around the kitchen tables of America.

This particular initiative is not perfect. But over a 3-month period, with the best minds and the best possible adversary proceedings you can imagine, we have fashioned a document that will enforce discipline. We hope there will never be a need for Gramm-Rudman-Hollings, in a certain sense. If discipline is enforced the plan will never be triggered. There will never be a cut, there will never be a sequester. That is generally the way it works in 43 States in America.

It would be delightful if we could sign this into law, get it to its first stage in the early part of next year, and therein put us to the discipline of doing the job we should have been doing. We will answer then to our responsibilities.

I will stop right there. I want to yield to my distinguished friend from Pennsylvania who must be heard at this particular time. I do thank Senator RUDMAN and Senator GRAMM particularly. They really did a fine job. They could have gone the other way or sort of sat quietly and gone along with the political requirements of the hour, but they took this on and fought for realism and for impartiality and workability. I think they have done a wonderful job. I do congratulate them.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I begin by commending Senators GRAMM, RUDMAN, and HOLLINGS for their fine leadership in bringing before us this proposal. I similarly commend Senators PACKWOOD, DOMENICI, CHILES, and all the others who have been so active in the processes which brought this measure to this point, with the enormous effort which has gone into this undertaking.

The critical question this Senator is concerned with is, how will this proposal work? This is an extraordinarily complex matter. It has come to this point in the process in a highly unusual way—without the customary hearings, without the customary markup, and without the customary deliberation. It has come to this point having been attached to the debt ceiling, which obviously puts an enormous amount of pressure on the process to accommodate this kind of timetable.

There is no doubt about the seriousness of the deficit in this country. It is the No. 1 problem facing the United States on the domestic side, and for the past 5 years, no subject has commanded the attention of the Congress of the United States, especially the U.S. Senate, as has this subject. There is no doubt about the urgency of solving the problem of the Federal deficit.

The question then arises, what will happen with these budget-cutting figures and how will they impact on the programs which have been decreed by legislation by the Congress of the United States and signed into law by the President? Those are very complex questions, indeed.

This country has functioned for almost 200 years with the Congress of the United States having the authority to appropriate funds. Not only is it a constitutional mandate, it is a procedure which has served this country very well, and we are about to make very profound changes in that procedure. Questions have arisen as to constitutionality. They are very serious questions indeed. I have deep reservations about those issues. But that is not what Congress fundamentally has to address.

The concerns which I have relate to the mechanics of what will occur on the programs in the Federal budget. In the course of the past several days and several weeks, I have conferred with many in the executive branch and many of those who are recipients of services and many of those who are parties to contracts, to get, as best this Senator can, an understanding of how this program is going to work. I am very concerned about the consequences on national defense after discussing these matters with the ranking Federal officials who have responsiblities for national defense. I am very much concerned with many of the programs which impact on the poor, notwithstanding the care which has been taken with this bill.

I am very much concerned about many of the social programs in terms of who will make the decisions as to what those funding levels will be.

Earlier today, I discussed with the distinguished chairman of the Committee on Finance a number of questions and because of the shortness of time, I have more grave concerns than I shall state.

I would like to ask the distinguished chairman of the Finance Committee—if I could get his attention—some questions, some of which we have discussed earlier today. The first relates to some of the issues of national defense. This Senator is particularly concerned about a so-called "hit list" that was published last year, which contained 22 military—Air, Navy, Army—installations, 5 of which happen to fall within the Commonwealth of Pennsylvania. But let me select one which is not in Pennsylvania, one which is in New Mexico—Fort Wingate Depot activity—and ask the distinguished chairman of the Finance Committee if the customary rules apply which will require congressional action on the closing of that unit, or is there discretion within the Department of Defense unilaterally to close that unit?

Mr. PACKWOOD. There is no discretion. Congress would have to approve it. Defense Department would have to suggest and Congress would have to approve it.

Mr. SPECTER. I would like to ask the distinguished Senator from Texas [Mr. GRAMM] if he concurs in that conclusion, expecially in light of some of his positions taken earlier this year on the Department of Defense authorization bill.

Mr. GRAMM. The Gramm-Rudman-Hollings provision does not increase the power of the Pentagon with regard to the closing of military bases. As the Senator is aware, we did strengthen that power in the armed services authorization bill, but they do not have any more power after this bill passes than they had before it passed.

Obviously, we are going to be committing the Nation to a reduction in the deficit and that will affect the Pentagon's decisions about budget requests. But in terms of specific power, they cannot close a base under this bill that they could not have closed under existing law.

Mr. SPECTER. When the Senator from Texas talks in terms of power, he says, they may have more liberal authorization after this bill is passed. The Finance Committee chairman's answer was that they did not have the power. The Senator from Texas has responded somewhat differently in terms both he and I and those listening understand.

I rephrase the question to Senator GRAMM, if I may have his attention: Does the Department of Defense currently have the power to close the Fort Wingate Depot activity in New Mexico?

Mr. GRAMM. The Department of Defense has the power to move for closure of any military base in the country under existing procedures, as they exist in law. Those procedures are dictated by a series of bills, the last of which was our authorization bill for armed services this year. But none of

those provisions is waived as a result of this bill. The bill specifically says that the provisions of law, and it specifically defines the governing body of law, shall be complied with.

Mr. SPECTER. Does Congress have the final say in the closing of an installation like Fort Wingate?

Mr. PACKWOOD. Mr. President, I wonder if I may answer.

Mr. SPECTER. Mr. President, I have the floor and I shall direct the question to the Senator from Texas if he chooses to answer.

Mr. GRAMM. I shall be glad to answer. The answer is a simple answer. We have prescribed in law in numerous pieces of legislation the procedure for closing military bases. We have required in this provision that is currently before Congress in the conference report that those provisions of law be complied with.

So in terms of base closures, the Pentagon would have no additional power to close a base under this bill relative to what they have under existing law.

Mr. SPECTER. I still do not have an answer, Mr. President, but I shall cease at that point.

Mr. PACKWOOD. Mr. President, would my good friend yield for just a moment?

Mr. SPECTER. Yes, Mr. President.

Mr. PACKWOOD. He blind-sided me. Earlier today, we talked about base closures under this bill. I said they could not be closed under this bill. Is the Senator asking—this bill has not become law—under present law, can a base be closed without congressional action? Or is he asking does Gramm-Rudman-Hollings change existing law?

Mr. SPECTER. I am asking if a base may be closed absent congressional authorization to do so.

Mr. PACKWOOD. Forgetting this bill?

Mr. SPECTER. That is right.

Mr. PACKWOOD. Mr. President, that is a question I do not feel qualified to answer. I am not on the Armed Services Committee, I am not familiar with the details of present law. But the Gramm-Rudman-Hollings bill does not change the present law on base closing.

Mr. SPECTER. That comes to the second question which arises, I say to Senator PACKWOOD. That is with relation to the ability of the Department of Defense to reduce expenditures which might leave an installation with so little activity or so little income that the installation would be closed. For example, the Aircraft Carrier Service Life Extension Program at the Philadelphia Navy Yard, moving away for a moment from New Mexico, may sustain proposed cuts, according to information which I have received from the Department of Defense, of $419 million in fiscal year 1987.

Now, assuming that the Department of Defense does not have the power unilaterally to close the Philadelphia Navy Yard, which I think it does not, and assuming that Gramm-Rudman-Hollings does not make any change in that law, my question now is, can the Department of Defense reduce the amount of money on a program at the Philadelphia Navy Yard which has the practical effect of closing the installation?

Mr. PACKWOOD. First, let me answer it in three parts. One, on any information the Senator may have received from the Department of Defense about the Gramm-Rudman-Hollings bill, simply discount it 100 percent. They do not like the bill. They have a statement this morning in the paper that we are giving comfort to the Russians with this bill. I do not believe anything they say any longer about this bill. So the Senator can take his facts from them if he wants. All I can do is tell the Senator what the bill does. It is an across-the-board reduciton in spending. So if we have a 5-percent defense spending cut, a base can be cut 5 percent. If the Senator is asking me, could a 5-percent reduction in a base's operating moneys result in the base closure because they lost 5 percent of their moneys, I do not think so. But the cuts are across the board.

Mr. SPECTER. I say to the Senator, the figures which I have just cited do not bear on the attitude of the Department of Defense toward Gramm-Rudman. They bear on what the Department of Defense may seek to reduce in dollar amount, and the Senator's answer is that if there is a 5-percent reduction in defense, that that has to be across the board on all of the DOD expenditures as opposed to the discretion of DOD to take more than 5 percent out of the Philadelphia Navy Yard.

Mr. PACKWOOD. I will let the Senator from Texas respond.

Mr. SPECTER. I would prefer to hear the answer of the Senator from Oregon.

Mr. PACKWOOD. As I indicated in my opening statement, which I think the Senator was not here to hear, when we got into the areas of the military, on which I am not an expert—we had in the conference almost consistently Senator GRAMM and Senator HOLLINGS and Senator RUDMAN—there is some slight flexibility, slight, in 1986, which we have given. We kept ourselves within the constraints of the Levin amendment that was adopted on the Senate floor and the way we have adopted this conference report is satisfactory to the Senator from Michigan. But I do not want to leave the Senator with the impression there is not an iota of flexibility anyplace in this bill. There is some slight flexibility.

Mr. SPECTER. I asked the Senator from Oregon because as the manager of the bill and as a matter of legislative history his answer has some importance, but since he has said that the matters were in the hands of others I would at this time like to attract the attention of Senator GRAMM and ask him the same question, which I will repeat so that it is sufficiently pointed. And that is: Under Gramm-Rudman, assuming a 5-percent cut in the Department of Defense budget, does the Department of Defense have the discretion to take out a larger sum from the Philadelphia Navy Yard which might have the practical effect of closing the Navy Yard?

Mr. GRAMM. Under the Gramm-Rudman-Hollings proposal, any reduction in expenditures by the Defense Department must be across-the-board proportional by line item as defined in the last adopted appropriations bill or continuing resolution. Within a line item, programs, projects, and activities must be reduced proportionally except in the first year where flexibility is given so that any program, project, or activity within a line-item account could be reduced by twice the amount of the sequester order. Nothing could be raised above the sequester order. Within a program, project, or activity, the Defense Department has total flexibility and can meet the savings total with new budget authority, unobligated balances or by the renegotiation or termination of an existing contract. That is exactly the same authority they have now under the appropriations process.

Mr. SPECTER. I hear the Senator's answer, and as to the first part I conclude that there could not be a greater program cut than 5 percent except for some additional flexibility in fiscal year 1986, but in the last part of the answer I am unclear as to whether there could be a greater cut so as to have the practical effect of closing an installation like the Philadelphia Navy Yard.

Mr. GRAMM. The question really boils down to whether an installation or function is classified as a program, project, or activity in the last adopted appropriations account. If it is part of the operation and maintenance account generally, and they are required to make an across-the-board reduction in it, and it is some small part of the general O&M account, the fact is, yes, that it could be terminated.

Mr. SPECTER. The Senator is talking about a program, project, or activity?

Mr. GRAMM. That is correct.

Mr. SPECTER. Does the Philadelphia Navy Yard fall within the definition of a program, project, or activity?

Mr. GRAMM. It will depend on how the appropriation bill that was last adopted was written, whether it is

funded out of a general O&M account or whether it is funded out of a line-item account.

Mr. SPECTER. Does the Senator know how the last appropriation bill was written so that I can get an answer to that question?

Mr. GRAMM. If that facility were in Texas, I would know. But it is not in Texas, and as a result I do not follow it as closely.

Mr. SPECTER. Well, give me a facility in Texas and answer the question as to that one.

Mr. GRAMM. We have Fort Hood.

Mr. SPECTER. How about Fort Hood?

Mr. GRAMM. At Fort Hood we have seven different accounts that are affected. Each of those accounts can be reduced, and within the subject account specific activities on the post could be reduced. No program, project, or activity could be eliminated as a result of the reduction.

But the point I am making, to try to answer the question directly, is that within a program, project, or activity there is flexibility.

Mr. SPECTER. Could Fort Hood be closed?

Mr. GRAMM. No.

Mr. SPECTER. The answer from the Senator from Texas illustrates to me the complexity of defining the underlying issues on the questions which this Senator has raised. Let me move to another illustration, if I could again have the attention of the chairman of the Finance Committee. Moving away from the issue of an installation to a specific contract, and taking for illustrative purposes the field artillery support vehicle contract at Bowen-McLaughlin in York, PA, a contract which the Congress has deliberated on extensively and has decided is important to the national interest, according to the information which I have received from the Department of Defense, this would only be their intention.

The question remains as to what they could do. There would be a total elimination of the $101 million in fiscal year 1986. The question this Senator has, if there is a 5-percent reduction in the Department of Defense appropriation, would that permit the elimination of 100 percent of that contract? Does the distinguished chairman of the Finance Committee have the question?

Mr. PACKWOOD. Frankly, when the Senator put his question, I did not understand it. I was taking another question involving the tax bill.

Mr. SPECTER. Let me repeat the question, if I may. I understand there is a lot happening on the floor—another problem that we have in getting the replies. The question is that the Congress has authorized a certain project for field artillery support for Bowen-McLaughlin in York, PA, for $101 million. Given the reduction as proposed by Gramm-Rudman, the Department of Defense stated an intention, however tentative, to eliminate the contract completely.

This Senator's question is this: Assuming the 5-percent reduction in the Department of Defense budget, would DOD have the power, under existing law, to totally eliminate the full contract at Bowen-McLaughlin-York?

Mr. PACKWOOD. We have to see how it is categorized in the appropriation bill.

Mr. SPECTER. I do not know, from the top of my head, the categorizations of this contract or the dozens today—literally hundreds—of contracts which affect my State and the thousands which affect the United States.

When Congress has established the priorities as to what we consider important, my question is, what is the discretion that is given to the Department of Defense? Do we have to go through the budget line by line and the appropriations process line by line and make an analysis of the various tiers which the Senator from Texas has categorized? If that is so, speaking at least for myself, I need to know a lot more about the details of the Department of Defense authorization bill, which I do not know and could not possibly know, before I am in a position to say "aye" or "nay" on this bill.

Mr. PACKWOOD. This particular part of the sequester power, the programs, projects, and activities, is not particularly new to this bill. It is an issue we debated here 3 or 4 weeks ago.

Mr. SPECTER. I have not worked on Gramm-Rudman-Hollings for the past 3 months. I have a question as to whether even 3 months is long enough for anyone who has worked on it to have answers to these complex questions.

Mr. RUDMAN. Mr. President, will the Senator yield for a comment?

Mr. SPECTER. In a moment.

When we come to the floor of the Senate to consider this issue, there should be at the hands of the proponents, it seems to me, the kind of underlying factual information to respond to a Senator, so that he will then know what the consequences are going to be.

Since the time I have formulated the question, I have been advised by my able staff that the program to which I have referred is an activity under the Department of Defense authorization bill, and then I conclude, as the answer is given by the Senator from Texas, that it could be eliminated completely.

Mr. GRAMM. No. Will the Senator yield? If it is a program, project, or activity——

Mr. SPECTER. I yield for an answer to the question.

Mr. GRAMM. If this project about which the Senator is concerned is a program, project, or activity as defined in the last appropriation bill, it can be reduced only by the amount of the sequester rule. If it is part of an overall program, project, or activity, then it can be adjusted. So long as the overall account meets the total, it can be adjusted in any way by the Department of Defense.

Mr. SPECTER. I should like the attention of the chairman on another question. Moving away from the Department of Defense issues and picking up for a moment on a matter like Amtrak. Assuming the 5-percent reduction sequestration and assuming the $606 million appropriation for Amtrak, would the maximum cut be 5 percent of the Amtrak appropriation?

Mr. PACKWOOD. Yes.

Mr. SPECTER. Does the Senator from Oregon have a conclusion as to what happens to a program if it cannot function at the level that it retains the appropriation for after the cut?

I do not know if it is so, but the Amtrak officials have represented that anything beyond the current appropriation would preclude the operation there.

Mr. PACKWOOD. As I recall, Amtrak said they could not operate the system with less than $776 million 2 years ago, when I was chairman of the Commerce Committee. We cut them about $100 million. It is amazing, but they have continued to operate.

My impression is that if Amtrak got a 5-percent cut, they would not close down their system. They would look at their routes, probably long-distance routes, and say, "Here are the three that have the lowest passenger mile traffic. We are going to cut off these three routes, and with that save 5 percent."

I would imagine that the manager of any other program faced with a slight cut would determine where he could make the cut best.

I can assure the Senator, based upon past reductions of Amtrak, that they have been able to operate more fully with less money than they told us they could before the Commerce Committee.

Mr. SPECTER. I thank the Senator. I am inclined to agree with Amtrak's flexibility in that respect.

As a factual matter, with 5 percent sequestration, programs and categories such as Amtrak, Job Corps, Urban Development Action Grants, revenue sharing, Federal mass transit subsidies, or programs of that category, would be reduced by whatever the percentage sequestration order is.

Mr. PACKWOOD. I suppose there is a point where we cut a program 5 per-

cent this year and another 5 percent and another 5 percent, and you reach a point where they could not operate as fully as when they had 100 percent. Perhaps you could get them to the place where you cut them down 20 percent and they could only do one-half of what they could do with 100 percent.

That is a speculative matter, unrelated to Gramm-Rudman-Hollings, because they are going to be cut across the board proportionately, to the extent allowed under a sequester, and they will have to make some management decisions as to what they are going to cut.

Mr. SPECTER. I was not asking about the effect of a 5-percent cut or a 100-percent cut. I was asking the base line question that if there is a 5-percent sequestration cut and the 5-percent would be the maximum cut, under that procedure, to be sustained by programs like Amtrak or the Job Corps or Urban Development Action Grants or Revenue Sharing or Economic Development Administration, or the programs in those categories——

Mr. PACKWOOD. As long as it is a program or project by itself, that is correct.

Mr. SPECTER. I yield to the distinguished Senator from New Hampshire, if he has a comment to make.

I thank the distinguished Senator from Oregon for these answers, and I thank the distinguished Senator from Texas for these answers.

I shall consider these categories and consult with those in the Department of Defense and perhaps be in a position a little later this afternoon to include more of the underlying facts in questions, to find some of the answers which may be forthcoming.

I yield the floor.

Mr. HART. Mr. President, the history of the first half of this decade will not be written for years to come but when that objective, unbiased history is written it will most certainly not be the history presented by the Senator from Texas earlier this morning.

The Senator from Texas gave us a review of the achievements of the current administration and all the promises that were fulfilled and ended the rather glowing list by observing that only one promise had not yet been fulfilled and that was to balance the budget.

Mr. President, there cannot be a right thinking objective person in this country who believes that accurately summarizes where this country and its Government stand today.

Why it is inaccurate and self-serving and otherwise unhelpful is that the one last promise is the direct result of having achieved all the others and it is something that has not yet been fulfilled. It has been a disaster for this Nation's economy.

This deficit is the price we have paid for all those other promises being fulfilled: cutting your taxes. Building up the military. Achieving all these other glowing examples that the Senator from Texas attributes to this President, this administration, and the policies which he supports.

Make no mistake about it, Mr. President, we are here today to pay the bill for 5 years of an economics that has failed, period.

The history of this last half decade is as follows: An administration came to power in January 1981 following its predecessor administration which had average annual deficits of $44 billion and that was considered to be economically and politically unacceptable for this country, and that was the platform that Ronald Reagan ran on. He was going to eliminate those annual $44 billion deficits. And what do we have now? Four to five times those deficits. Because of a new economics? No, because of an old economics that said the Russians are coming, they are 30 feet tall; we are totally weak, we are totally inept, we are a small unprepared nation and we have to spend a lot of money to offset those Russians. And what sacrifice are we asking the American taxpayers to pay? We are going to cut your taxes.

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

Mr. HART. I yield for a question.

Mr. JOHNSTON. Will the Senator agree with me that the first riverboat gamble has been an abject failure?

Mr. HART. Will the Senator repeat?

Mr. JOHNSTON. The first riverboat gamble, as Howard Baker called Reaganomics, program has been an abject failure.

Mr. HART. Absolutely.

Mr. JOHNSTON. Now we are taking the second riverboat gamble by going double or nothing.

Mr. HART. The Senator is absolutely correct, and the Senator from Texas guarantees this as the last time to round out and complete the Reagan program.

I say typically—it is unfortunate he is not on the floor—typically he associates the policies which he has supported with programs that all of those who care about their country have supported and, therefore, if you have not supported these programs you do not care about your country.

That, as I say, is at the very least self-serving and unhelpful and does not in any way accurately express the experience of this Nation in the past 5 years.

We are here today for one reason, and that is to pay the bill. Are we going to pay it the way we ought to? No.

We are not just asking any courage. We were just treated to a half-hour performance by one colleague who wants desperately to support this bill and face deficit reduction, but he does not want it to affect his State. We have heard over and over again the apostles of courage supporting this measure who have laid out and talked about what it does not do, what programs it will not affect, how it is not going to adversely affect our defense, how it is not going to result in any reduction in strength, how it will not be taken out of the pay or benefits or salary of military personnel, how none of these things are going to have adverse impact on anyone anywhere.

Mr. President, you cannot pay the bill for 4 or 5 years of a squandering economics and not have it affect someone. And that is what we are here today to discuss and I am afraid unfortunately to pass.

Mr. President, in the circumstance of abdication of Presidential repsonsibility in the absence of a plausible Democratic alternative, and with clouds of endless deficits enshrouding our future, it is understandable that for some in this Chamber there is no option: Today the Senate will enshrine this policy of convenience and expediency as the law of the land.

A few weeks ago, when this march of folly began, our learned friend from New York, Senator MOYNIHAN, warned us that Gramm-Rudman violated the fundamental principle of responsible budgeting: Setting goals and making choices.

He was right.

This conference report is not about making choices or setting national priorities. It establishes a new budget process—one which will surely and swiftly be judged unconstitutional—which relegates our search for a stronger, more competitive economy to second place. It establishes the balanced budget for its own sake as an abstract end in itself—unrelated to any greater national vision. Gramm-Rudman is the bitter medicine we are now told we must take to cure the disease called "supply side economics"—but it is hemlock. It is based on an economics better suited to setting tolls on a bridge than solving the economic challenge this Nation faces.

For 5 years, if all goes according to plan, the future of this Nation will be downsized, run by a computer, and reduced to a smudgy column of numbers with a zero at its end.

Mr. President, we all agree on the urgent need for deficit reductions. The deficit has overvalued our dollar, making us a second-class competitor in trade. The deficit boosts real interest rates, keeping us from investing in tomorrow's workers, engineers, factories, and innovations.

Reducing the deficit is a national imperative. And if the sole role of Government were the production of an orderly ledger, who could object? Gramm-Rudman may help us slay the

deficit dragon, but it contradicts any larger, more positive vision we might have for our Nation's future.

The Senator from Colorado believes that more is expected from a Government obligated to promote a prosperous and civilized society.

Does Gramm-Rudman direct the budget toward this goal? In fact, just the opposite.

Will it help us modernize our economy? Gramm-Rudman virtually ensures an inadequately trained American work force.

Will it make us more competitive in trade? Gramm-Rudman virtually guarantees we will take no new actions to promote our exports or expand our markets abroad.

Will it enable us to invest in innovation and the quality of life for our children? Gramm-Rudman virtually seals the fate of student loans and Federal support for education.

The fact is, if our goal is a competitive economy, if our goal is national excellence, if our goal is investments in our future, then all budget cuts are not equal. But that logic is lost on Gramm-Rudman. To paraphrase Anatole France, this law, in its majestic equality, provides that we will cut equally from muscle and fat, from powerless and powerful, from productive minds as well as comfortable constituencies.

Making America trade-competitive; educating young minds; bringing new skills to displaced workers—during the first 5 years of this decade, these are the goals we failed to achieve. By enacting Gramm-Rudman today, let there be no mistake, we are now guaranteeing that failure will continue to the end of the century. It deprives us of the power of choice and substitutes a statutory auto-pilot for the Presidential and congressional leadership we sorely need.

Nearly a quarter century ago, when this country looked to the future with optimism and hope, we were led by a President who elegantly defined a quality that has been in woefully short supply—the quality of courage.

President John F. Kennedy said:

> To be courageous requires no exceptional qualifications, no magic formula, no special combination of time, place and circumstance.
>
> It is an opportunity that sooner or later is presented to us all * * * In whatever may be the sacrifices he faces if he follows his conscience—each man must decide for himself the course he will follow.
>
> The stories of past courage can define that ingredient—they can teach, they can offer hope, they can provide inspiration. But they cannot supply courage itself. For this, each man must look into his own soul.

The vote for Gramm-Rudman may be the easy vote, but it is not the courageous vote. But with its passage today, the cause of conscience and courage will not be over, it will begin anew. I believe that Democrats have learned a lasting lesson which will not be forgotten. Do not count on the disarray of today to last until tommorrow. The rules may be yours—but if this is your vision, the future is ours.

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

Mr. HART. I yield to the Senator from New York.

Mr. MOYNIHAN. Mr. President, on October 10, the day after the first vote on the Gramm-Rudman-Hollings proposal—the Senate voted 75 to 24 on this matter—the Senator from Colorado and I were on the floor discussing what we had done, in tones of near disbelief. Clearly these tones have not changed in the Senator's eloquent and accurate statement. I asked the Senator from Colorado on that occasion whether, given the fact that Gramm-Rudman-Hollings would mean, effectively, actual cuts in the defense budget, cuts below current outlays for the next 5 years—the first such sequence in, I believe, the postwar history of the United States; certainly since President Ford began the revival of defense outlays, now in about its 10th year—we would be sending a signal to the world that is surely not the one we have been trying to send for a decade. I asked the Senator whether he thought the implications of this vote we had just made were widely understood in the Senate. Did the Senators know what they had done the previous day?

The Senator from Colorado replied: "No, they do not. But, more importantly, they do not care. The one group does not care about domestic stability; the other group does not care about international stability."

And here we are 2 months later with essentially the same proposal, more directed against defense than even the proponents said—as much as you can say they said, because they said very little and kept the bill to themselves. They had, you might say, the first privately printed bill we have adopted around here.

To international stability, we have, since the Carter administration, agreed with our NATO allies to a 3-percent defense increase in real terms each year.

Secretary Weinberger just recently got agreement from four, and perhaps five, NATO allies that their defense expenditures would grow that 3 percent this coming year; that, yes, they will keep to that. A real commitment has just been made for Europeans to increase their defense spending by 3 percent next year. We will be cutting our defense spending by at least 3 percent next year.

Would the Senator wish to suggest what that will do to the notion of alliance solidarity and alliance resolve in the face of the Soviets?

Mr. HART. Mr. President, I would say, in response to the Senator from New York, that there is defense and there is defense. I can confidently predict, because the Secretary of Defense has said so, that if this bill takes effect—in fact, he said it before this bill was voted on—that he intends no reductions in the so-called nuclear modernization program, the runaway nuclear arms race that we have been engaged in for the past 5 years; that he will not cut back on any of the strategic systems, either on the drawing board or on the assembly line. And that means one thing: That when those so-called defense cuts come, they are going to come from what is really the defense of this Nation, not just the terror that nuclear weapons offer for deterrence, they will come from the pay and benefits, the training, the maintenance of our skilled career military personnel, from the weapons that are needed for our conventional forces and for the readiness of those forces.

Indeed, we may be "stronger" at the end of this exercise where nuclear weapons are concerned—I do not think that is the way to characterize it—we will continue that buildup. But the reductions are not going to come across the board in defense. They are going to come right out of the heart and soul of the conventional forces.

Mr. MOYNIHAN. Is the Senator suggesting—as I believe he did in October—that we find ourselves right back in the situation John F. Kennedy found himself in in 1961 with the cuts in readiness and personnel, leaving the Nation with only a major nuclear exchange as an option in case of an international crisis?

Mr. HART. I believe that is exactly what is going to happen. My recollection of the 1960 experience is somewhat different, in that then Senator Kennedy said that the weakness or the deficit in defense was on the missile side. That may or may not be what he found out when he got into office.

Mr. MOYNIHAN. He found out otherwise and began to build up what we call the conventional forces.

Mr. HART. Precisely. And the legacy of this administration, particularly on this legislation, is going to be a drastically weakened conventional defense. And all of those advocating the administration's position are going to find the principal, if not the almost exclusive, deterrent that this country has by 1989 will be nuclear and not conventional.

Mr. MOYNIHAN. Would the Senator wish to further speculate—he has thought long and hard about this—on the impact of Gramm-Rudman-Hollings on defense outlays? The Senator from Colorado has not been automatically in favor of whatever was an increase, nor has he been associated with efforts to decrease defense out-

lays. He made, it seems to me, a very wise statement once. He said, with respect to defense, "More is not better and less is not better. Better is better." He was then talking about the mix of weaponry and the mix of capacity.

In 1977, President Carter proposed a 3-percent growth rate for NATO, including ourselves. On May 31, 1978, a final agreement was reached with members of NATO. If we now abandon that agreement, what is NATO to do? Can the Senator imagine a NATO national deciding they are bound by a commitment which we entered ourselves and have now broken?

Mr. HART. The Senator is correct. I believe they are going to rely, as we rely, on the so-called nuclear umbrella, and they will follow our pattern and reduce their commitment in conventional forces, or they will go their own way.

Mr. MOYNIHAN. I thank the Senator.

Mr. President, I wish to call to the attention of this body, such as are present, to what Senator HART has said. The Senator from Colorado has made an important statement. It is a statement he began to make the day this issue began to be deliberated.

I would say this to my colleagues, at the time that the Senator from Colorado began these discussions, and some of us joined him, we raised the issues that other Members may not have been familiar with. Our distinguished and irresistible majority leader has a sardonic quality which endears him, but sometimes reveals more than he may have had in mind. He said, about getting on with this legislation:

> Let us move this thing along. When these bills stand around too long, people start reading them.

Well, after 2 months, it can be said we have read this bill. So when we said the bill had not been printed, had never gone to a committee, had not been deliberated at all, we were right then. It cannot be said that we would be right today. Two months is enough time to know what is in this legislation.

Let me tell you some of the things that are in this legislation, Mr. President. In the budget coming up for the next fiscal year, there will be a true reduction in defense outlays—a true, actual reduction; not a slowing of a rate of growth or anything like that, a cut. And it will come out of readiness; it will come out of personnel, not out of any necessarily strategic design, but out of the fact that that is where you get money quickly.

We are going to see a probable reduction as follows—and I speak with some authority in this regard. I hope I will not be pressed to closely with regard to the specifics.

But it is well-known what the Department of Defense thinks in this matter. This morning we read that a Pentagon spokesman, Mr. Robert B. Sims, was quoted as saying that the Gramm-Rudman-Hollings proposal now before the Senate would "send a message of comfort to the Soviets."

Is it our intention to send a message of comfort to the Soviets? If so, say so, warrior classes on either side of the aisle. I have no desire to send a message of comfort to the Soviets.

Is it not an extraordinary thing, Mr. President, that we have read of the Secretary of State and the Secretary of Defense seeking an audience with the President on this matter and not being permitted to see the President? I served on the Cabinet or sub-Cabinet of four Presidents. I cannot imagine a situation in which a Secretary of State would be denied access to the President on a matter of national security, or the Secretary of Defense. We are frittering away, and are speculating on the very security of the Western World.

Our former colleague and beloved friend, Senator Baker, described Gramm-Latta and the 1981 tax cut as a riverboat gamble. Gramm-Rudman is a suicide pact. We are entering into an agreement with the administration to dismantle the defense of the United States of America.

There have been those of us who have been able to say on occasion that perhaps there was such a thing as enough. I believe this Senator, I think, in 9 years in the Senate, has never voted against a major Defense appropriation. President Ford in his last year saw that the rundown in our defense had gone far enough. President Carter continued what President Ford had begun—increased real defense outlays in every year of his time in office. President Reagan came in, and continued on essentially the same path—a 5-year path that President Carter left in his last budget message. Now we break it, and start going down. Let me give you official estimates on what now happens.

I have quoted a Pentagon spokesman. I will now quote the Pentagon. I am privy to the fact that buildings do not talk. But if I could use the image, the Pentagon, let me assure my colleagues I speak of the highest levels of that body in their estimates that what we will see in fiscal 1987 is a 3-percent real dollar decline in defense spending. In 1988, a 5-percent real decline; in 1989, an 8-percent real decline. Those accumulate to as much over time as a cut of at least 15, possibly 20 percent in expenditures, wiping out the work of the 1980's, and breaking an intelligent momentum which has been established, and to which has been ascribed a revival of the confidence, and reinvigoration of alliances, and energizing of national will. I am not to deny it. I do not deny that. I think it is so.

I would like to see it understood that President Ford made the decision in the first instance, and President Carter continued—and President Reagan continued along the path begun by Presidents Ford and Carter. And the Congress supported them all.

We had run-down in defense spending for a long while. We had run down too far. We increased defense spending and sensibly so.

I would like to see this understood to be a bipartisan matter and bipartisan understanding, not shared entirely on either side of the aisle. There has been a majority here. And we have seen it.

What are we to say, Mr. President, on a day when we are about to make this decision—not a riverboat gamble, but a suicide pact—when the administration itself, the Pentagon, issues a formal plea with us, do not do it? They plead, do not do it. Are we nonetheless going to do it? Have we not understood the meaning in the press of statement after statement by some officials asking for anonymity, some officials being very open and direct, saying that this puts the Nation in peril? It is not BOQ's and not the pension systems—we will endanger the Nation.

Let me read from an article of November 4, by two accomplished journalists, Mr. Robert W. Merry and Tim Carrington in the Wall Street Journal on this subject. "By the end of the decade, for instance, the uniformed services might have to be cut by a third according to a congressional staff analysis." Moreover, it says "16 of 24 naval vessels currently under construction might have to be mothballed."

I see our valiant and distinguished colleague, Admiral Denton, is on the floor—"16 to 24 naval vessels currently under construction might have to be mothballed. Spare parts accounts could dry up, warns Gordon Adams, director of a private watchdog group called Defense Budget Project. At the Pentagon, top officials have grown increasingly anguished over the measure."

"Anguished" is not a word that appears frequently in the news accounts of the Wall Street Journal, respecting grown men.

> On Wednesday, Navy Secretary Lehman demanded a meeting with Secretary Weinberger to urge all-out opposition to the plan. At a top-level Pentagon meeting on Thursday "There was sackcloth, ashes and tears" says one Pentagon analyst who was present.

I have not seen admirals cry. I have seen admirals blink messages from prison camps to the American people. But I have not seen them cry. I expect they were not crying. But they were crying out. They were saying "do not do it."

The columnists, Evans and Novak, who are certainly, nothing if not com-

mitted to, national defense, had this to say on November 18:

Even its pristine version doomed Reagan's scaled-down "0-3-3" plan for real defense growth (zero in 1986, 3 percent in 1987, 3 percent in 1988).

Under the probable 50-50 formula splitting defense and non-defense spending cuts, for example, even a modest under-shooting of the deficit target would mean $6 billion in defense spending outlays; to get there, Congress would have to cut $27 billion in defense appropriations.

Remember, if you are to cut the outlays, you must cut budget authority three and four times as much.

I could speak to the process that we are about to undertake, Mr. President.

The President, understandably, will send to us a budget, I believe, on February 5, and he will do his best, as he ought, to defend his defense program as much as he can, and that, in turn, will lead to a proposed elimination of somewhere between 30 and 50 programs in the domestic budget. It will astound Members on both sides once they find out. They think there is so much money in that budget that it will not have the effect it will have. It will astound them.

Then, of course, we will immediately turn on defense, or not do what we are supposed to do. The sequestering time will come and the President will have no choice but to bring about, for the first time ever in his term, a negative growth in defense, the first time in a decade, an extraordinarily bad situation.

I do no more than report a spokesman for the Pentagon, Robert B. Symms, who said yesterday that Gramm-Rudman "would be the first negative growth in defense in Ronald Reagan's Presidency" and "would send a message of comfort to the Soviets."

Mr. President, in order that this be part of the record, may I ask that this report by Mr. George C. Wilson, of the Washington Post, be printed in the RECORD at this point.

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

[From the Washington Post, Dec. 11, 1985]

PENTAGON WARNS ANTIDEFICIT BILL WOULD COMFORT THE SOVIETS

(By George C. Wilson)

The Pentagon warned yesterday that the version of budget-balancing legislation approved by congressional negotiators yesterday would produce "the first negative growth in defense in Ronald Reagan's presidency" and would send "a message of comfort to the Soviets."

Spokesman Robert B. Sims, in what defense official said was a futile fusillade against the Gramm-Rudman-Hollings legislation, said at a Pentagon news briefing that the cuts expected to be triggered this spring by the legislation "would take 3 to 8 percent out of our hide."

Defense Secretary Caspar W. Weinberger authorized the vocal attack on the measure—which President Reagan endorsed last night—because, as one associate put it, "There was nothing to lose at this point by going on record about its impact on defense."

Defense officials said the Joint Chiefs of Staff went to the White House on Friday to warn the president about the impact the antideficit measure would have on military operations.

One member of the Joint Chiefs, who was not identified, reportedly told Reagan that if Gramm-Rudman-Hollings becomes law, the cuts that would have to be made in defense would mean that the military could not fulfill its worldwide commitments, such as rotating aircraft carrier battle groups to distant oceans.

Despite such strong opposition, Pentagon officials were drawing up lists yesterday of the best programs to cut if spending reductions have to be made this spring to reach the deficit reductions required by Gramm-Rudman-Hollings. The White House figures defense may have to absorb a cut of $5.8 billion in fiscal 1986.

One defense official whose job would be to restructure the Pentagon budget in light of Gramm-Rudman-Hollings, said the big target would be the procurement account in hopes of sparing cuts in personnel or in funds needed to operate ships and aircraft to keep forces ready to fight.

The flexibility to take less money out of one budget account and more out of others, rather than cutting across-the-board, was one of the objectives that Weinberger achieved in intensive lobbying within the administration and with Congress.

Of the $276 billion in appropriations recently approved by the House, $87 billion is earmarked for procurement, $77 billion for the readiness accounts called operation and maintenance, $70 billion for military personnel and $33 billion for research.

Pentagon officials said they had not yet drawn up a cut list but said they would probably rewrite a number of contracts for the purchase of ships and aircraft.

By buying fewer ships and aircraft, or stretching out their purchases over a longer period, the Department of Defense would reduce its cash outlays, the spending targeted by Gramm-Rudman-Hollings.

However, defense officials said they would have to reduce money in the bank, called budget authority, $3 to save $1 in actual spending in a given year. This is because the Pentagon pays for weapons on installment, not all at once.

Asked where Weinberger would concentrate spending cuts, Sims said he would "protect those programs which the president has given priority to: strategic modernization, readiness, personnel, naval shipbuilding." He cited the Strategic Defense Initiative, the "Star Wars" missile defense, as one of the programs that would be shielded.

Mr. MOYNIHAN. The headline reads: "Pentagon Warns Antideficit Bill Will Comfort Soviets."

Well, those of the warrior classes on either side who wants to comfort the Soviets will have the opportunity to do so today. How would you like to be one of our negotiators in Geneva talking about arms control and talking about the reduction of nuclear weapons when you know, as the Senator from Colorado said just recently, that the budgetary situation of the United States is going to be more stringent and require more reliance on nuclear weapons than ever before?

What do you think, Mr. President, is going to be the position of our negotiators who do clearly seem to find themselves in the situation where the Soviets have come to the table to talk about real reductions—which the President, to his great credit, has insisted upon from his earliest time, that he wanted real reductions in nuclear weapons—when they see him in a budget situation where, and again I quote official Pentagon figures, in fiscal 1987 there will be a real reduction of 3 percent in defense, a 5-percent real reduction in 1988, and an 8-percent real reduction in 1989?

We will see an accelerating decline in the levels of real outlays, 3 percent in 1987, 5 percent in 1988 and 8 percent in 1989.

We will see that it is forcing the President into a position of greater reliance on existing strategic weapons.

And what about the strategic defense initiative, with an estimated total cost of $1 trillion? Clearly, it is one of the concerns that has brought the Soviets to the bargaining table. With what credibility can the spokesman for a country that is slashing its defense expenditures look across the table and say to their negotiating partners, "You know, if we cannot reach an agreement on real reductions, we are going to put a trillion dollars into the SDI"?

I am not saying that is their present position. The present position is we are going to put a trillion dollars into SDI regardless.

There is no trillion dollars for the SDI. There will be no SDI and the Soviets will know it. Any downstream possibility of negotiating a real reduction, Mr. President, as the President has sought on strategic weapons, disappears. It disappears on this floor today. Arms control disappears. I repeat, if Gramm-Latta was a riverboat gamble, this Gramm-Rudman is a suicide pact.

I have not been in the administration of four Presidents and in the Senate for two terms now not to understand that in this world you have to make clear that you can defend yourself and will defend yourself, and nothing is more important.

Today we are saying many things are more important: Reelection, appearances, explanations, alibis.

All of this will happen, and when it does happen people will say, "I did not mean that. I meant something else." Or, "we will work it out." Or, "Who knows?"

One of the important facts about defense is that you can tell Americans just about anything you want about what is the state of their defenses and they will not know. The long decline that began under President Johnson

and continued essentially through Mr. Nixon and the first bit of Mr. Ford's term did not make any great impression on the American people. We were not turning out the lights on Main Street. There were just things that were not there, planes that did not fly, submarine missions that were not taken, submarines that were not built. You cannot see a warship that is not built. Only a person of great imaginative power can do that.

The absence of defense is that simple.

So this invisible symbol declined, quietly going to sleep. This happened.

We would not know about it. Our adversaries would know about it and our allies would know about it. It would change our position in the world.

You cannot be the world's largest debtor nation with a declining defense budget and expect to have influence of the sort we have been congratulating ourselves upon these past 5 years.

I will say it again: You cannot be the world's largest debtor nation with a declining defense budget and expect the power and influence about which we have been congratulating ourselves for the past 5 years.

The people who vote for this legislation are voting for a precipitous decline in the position of the United States in the councils of the world.

I do not ask them to take my word for this. I ask them to take the word of the Secretary of Defense who clearly, as Mr. WILSON reports, authorized the release of the statement yesterday saying this bill will give comfort to the Soviets. Pray God, we never hear another proposal from either side of the aisle to get into a small war in Africa or Latin America or Asia to throw back the Communist menace. No, No. "Sorry, we do not have the funds for that. You voted against that today."

I may say, Mr. President, a distinguished Member of this body was making such a proposal yesterday and I was tempted to stand and say I would vote for that small war in Africa if he would promise to vote against the Gramm-Rudman so that we could finance such a war, but I thought that would be difficult.

The whole level of avoidance of the semblance of reality in this situation is astounding. This is probably, in terms of legislation, the single most obvious and consequential disaster the U.S. Congress will have enacted since the enactment in 1930 of the Smoot-Hawley tariff. People may think of the Smoot-Hawley tariff as simply an economic measure that had no consequences other than restricting trade in ways that led to less growth than might otherwise have been desirable. It was much more than that, Mr. President.

When we adopted Smoot-Hawley against the overwhelming advice of the economists of the Nation and Mr. Hoover signed it against a letter signed by about 90 percent of the professional economists at the time, within a very few years the British Empire had gone to colonial preference; the Japanese, recognizing the loss of British and American markets, went to the Far Eastern Co-Prosperity Sphere; unemployment went to 25 percent in Germany and Adolf Hitler was elected in a free election.

And in 5 years, the world was at war. Auschwitz and Hiroshima were ultimately consequences of Smoot-Hawley.

What will be the consequences of what we do here? These are large things, and grown men and women are supposed to make judgments—which clearly we are avoiding. Observe what attention the three-quarters of the Senate who have voted for this measure are paying to those of us who, once again for the third time around, are pleading not to do it—24 of us in this case; 4 from that side of the aisle, 20 from this side, a majority from neither side.

Our case is elemental. Our case is that we have to raise the revenues necessary to defend this country and provide it with that level of domestic programs which the country desires. It may not always need them, but it desires them; and if we desire them, we desire to pay for them. We can do this. We only need the political will here and agreement with the President.

To try to avoid the elemental fact that we need more revenues in order to maintain our defenses and provide the levels of internal provision that we desire, is folly. The thought that you can avoid those choices by some automatic mechanism that will cut, cut, cut—cut veins, cut flesh, cut bone—is a delusion. It is an avoidance of reality. It is not the mark of maturity, it is the mark of panic and of words that I would prefer not to use on the Senate floor.

But we are going to go ahead. As clear as can be, we are going to go ahead.

Could we make a deal? I would vote for the farm bill if everybody who voted for it would vote against Gramm-Rudman. No, I do not guess we could get that.

Could we make a deal on farm credit? Could we make a deal on any of these bills to increase spending above any previous levels that have been voted for by precisely the persons who have twice already voted for automatic reduction?

What is the level of integrity in that behavior? I offer the thought that it is corrupting behavior to stand here on the floor of the Senate and vote automatic draconian cuts that will reduce spending by something like $300 billion in 5 years and simultaneously vote for legislation that will increase it by $300 billion in 5 years, and expect to go home and say "I was in favor of both." That is not worthy of the Senate. Not on an issue of this consequence.

May I make a few predictions? I make the prediction that by March, this place will be in a state of panic, that there will not be 10 people in this body who will claim to have wanted Gramm-Rudman but they will claim to have been forced to support Gramm-Rudman. This is a bipartisan matter—Gramm-Rudman-Hollings-Boren, to be exact. There will not be 10 persons in this body who will say they wanted to do it. They will offer various versions of it. They will offer various versions of "the devil made me do it." Who that devil will be—I suppose Mr. Reagan will be blamed. The President wanted it, although the President perfectly well knows he cannot live with what will be the eventual consequences to his defense program.

I suppose in one form or another, if we induce a recession by this behavior, we will have a certain kind of out. There is always a chance that the judges will save us, and we will perhaps hear for a few weeks a little less about the evils of judicial activism when some court somewhere says that this violates the separation of powers. But I do not know that.

As a regime, it will not endure. But the destruction it brings in its early period will endure. There is no one any longer who argues, as was done in 1981, that a huge tax cut would produce an increase in tax revenues. That argument is gone, but the deficit brought about by that argument remains, and it has brought us to this dismal and degrading situation we find ourselves in at this moment.

Here we are in December. We have not been able to pass appropriations bills, we do not know whether the reconciliation bill will ever be adopted, we do not know whether the continuing resolution will be adopted. We have had to cash in over $25 billion of bonds of the Social Security Trust Fund. Behavior of that sort is actionable when individuals in private life do it. I do not claim that there was any bad faith in the Treasury's action, but they certainly did not tell us about it. They cashed in $5.5 billion in bonds last year and $25.4 billion this year. The Treasury never told the Senate committees; never told the Social Security public trustees. What kind of behavior is that for the U.S. Government? Yet, here we are.

Mr. President, I see there are other persons wishing to speak and I have no desire to speak longer than my allotted time. I have said what I intended to say. I can add to it later. I repeat my proposition that Howard Baker characterized Gramm-Latta as a riverboat gamble; and, boy, did we lose that one. I shall describe Gramm-Rudman-

Hollings-Boren as a suicide pact. I do not believe the defenses of the United States will recover from it for a decade, if then. It will be under another President. If it turns out to be another party, I shall not be disappointed in that regard, either. The Republican Party is going to take responsibility for this.

It is their majority, their principal sponsors and their President. That is the arrangement that we have in this country. We have elections. I am prepared to let it stand. We will see whose forecast is the more accurate.

And I have no great hope that my forecast should be accurate. I hope I am wrong. But I do not think I am wrong, and the Pentagon does not think I am wrong, and the State Department does not think I am wrong. In his heart the President does not think I am wrong. In his heart I think the President knows we are right, and the question is whether we can save our President from this calamity. There is a large decision being made on this floor, a decision about the security and peace and position of the United States in the world for the rest of this century. I hope we make it with greater deliberative qualities than the last time, when we had to vote on a bill that had not been printed, never been sent to a committee, never held a hearing—indeed, it came the closest thing to a privately printed bill ever enacted by the U.S. Senate.

Mr. President, I do not wish to monopolize this debate.

The majority leader says good. Well, now, what does he mean by "good?" Is he leading me to the thought that I may be making some impression that he would wish not to be made, in which event I might be persuaded to talk longer?

Mr. DOLE. When I heard the Senator defend the Pentagon, I heard enough.

Mr. MOYNIHAN. Just a second, Mr. President. That is exactly what we have had just enough of. Here are people who are desperately assaulting our defenses and the Pentagon says so and the response is, "Since when did you defend the Pentagon?" Is anybody here willing to name a major military armed services appropriation which I have voted against in 9 years in the Senate? When I ran for the Senate in 1976, we had had 10 years of declining defense expenditures, and I said the next President of the United States was going to raise defense expenditures, no matter who he was, Mr. Ford or Mr. Carter. I am talking about the defenses of the United States of America. And I would like to hear of any occasion on this floor when I have spoken against it.

Mr. DENTON. Will my colleague yield for a question?

Mr. MOYNIHAN. I most certainly will yield to my friend, Senator DENTON, from Alabama.

Mr. DENTON. I cannot recall a time, to answer the Senator's question, when he did that. But, Mr. President, I ask the Senator if he finds himself in the same mood that I am in, namely, being extremely troubled about the revolutionary change which the passage of this bill might represent but not being absolutely positive. Are we not, though, in a position to be absolutely positive that men whom we both respect in terms of their——

Mr. MOYNIHAN. Mr. President, may we have order? The Senator is speaking and asking me a question. I want to hear it.

The PRESIDING OFFICER. The Senate will be in order.

Mr. DENTON. I thank the Chair and I thank the Senator from New York. We may be wrong about the impact of the bill, but I think we are absolutely right about one thing. That is that its authors, and many who would be speaking against this bill today, find themselves in a position in which they will admit that the political climate in both Houses is such that they have had to place defense spending, spending for the security of this country, which is the No. 1 purpose of our being here—may we have order, Mr. President?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Alabama.

Mr. DENTON. The drafters of this bill have been forced by the present political climate to place defense spending in a less protected category than a number of social spending programs, welfare programs, and so on. It is that political climate that I think we both would like to address, and I compliment the Senator for having started to address it as early as October 7. I intend to address it today at some length.

Mr. MOYNIHAN. I thank my friend, the Senator from Alabama, whose gallantry in these matters is a source of pride to the United States of America. I would say to him, and I would repeat what I said earlier, that we have an elemental problem. At this point Americans want more government than they are paying for. They need defense and they want the farm program. Shall we put it that way? They need defense and they want Amtrak. They need defense and they want student loans. Well, I think there is a way to resolve that. Raise revenues, pay your bills. Do not devastate the defense system. You can cut out Amtrak, and you can start it up again. You can go through a few bad years on the farm. If you cut the defenses of the United States, you risk the independence of the United States, and the Senator knows that. The Senator has given his life to that. It was inevitable people would say, "All right, 50-50." Once it started, you could see it coming. That is why we were talking about defense from the day we began debating this.

I would like to hear from the Senator from Alabama, the Senator from Connecticut, and the Senator from Ohio, but I do not want any more talk about "I am surprised you are defending the Pentagon." No more of that.

And the Senator——

Several Senators addressed the Chair.

Mr. MOYNIHAN. I have not yielded the floor. I see the Senator nod in understanding and the matter is over, is that all right?

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DOLE. I will be speaking later. I will be glad to discuss it at that time.

Mr. MOYNIHAN. Fine. Then the matter is not over. If the matter is not over, I do not see any point in continuing, not when there are persons on the floor who want to speak. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. WEICKER. Mr. President, by way of assuring my good friend from New York not all Republicans do take responsibility for the matter before us, I raise a point of order that section 252(a)(2) relating to special sequestration procedures for national defense for fiscal year 1986 contained in this conference report violates rule 28, paragraph 2 of the Standing Rules of the Senate.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, could I be heard on the point of order?

The PRESIDING OFFICER. The Senator may be heard on the point of order.

Mr. DOLE. Mr. President, let me indicate first of all that we have been aware of this possibility throughout the debate. It comes as no surprise. In fact, we have been aware of this possibility ever since I guess the conferees started their work. I think everything that has been done in conference is relevant, but I would assume that technically it may be beyond the scope. One area decided to give the Defense Department flexibility, the very thing that the distinguished Senator from New York in part has been discussing. So we are prepared. As I understand, the Chair will sustain the point of order and we will then appeal the ruling of the Chair, not in any frivolous way, not a surprise, never been a surprise. We knew sooner or later we would have to face up to this possibility, and so we would await the ruling of the Chair.

Mr. WEICKER addressed the Chair.

The PRESIDING OFFICER. Does the Senator wish to be heard on the point of order?

Mr. WEICKER. Yes. Very briefly, on the point of order, the matter I raise relative to the sequestration procedures for national defense is merely used as one example. The fact is that this conference exceeded its authority in hundreds of places. Once we start this, the precedent is set for future conference reports to exceed their scope. I wish to make that point.

The PRESIDING OFFICER. In the opinion of the Chair, the point of order is well taken.

Mr. DOLE. Mr. President, I appeal the ruling of the Chair and ask for the yeas and nays.

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

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is, Shall the decision of the Chair stand as the judgment of the Senate? 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], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Vermont [Mr. STAFFORD] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Mississippi [Mr. STENNIS] is necessary absent.

I also announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER (Mr. SIMPSON). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 27, nays, 68 as follows:

[Rollcall Vote No. 369 Leg.]

YEAS—27

Andrews	Ford	Matsunaga
Bingaman	Glenn	Metzenbaum
Bradley	Harkin	Moynihan
Bumpers	Hart	Pell
Burdick	Hatfield	Pryor
Byrd	Inouye	Riegle
Cranston	Lautenberg	Roth
Eagleton	Long	Sarbanes
Exon	Mathias	Weicker

NAYS—68

Abdnor	Evans	Laxalt
Armstrong	Garn	Leahy
Baucus	Gore	Levin
Bentsen	Gorton	Lugar
Biden	Gramm	Mattingly
Boren	Grassley	McClure
Boschwitz	Hatch	McConnell
Chafee	Hawkins	Melcher
Cochran	Hecht	Mitchell
Cohen	Heflin	Murkowski
D'Amato	Heinz	Nickles
Danforth	Helms	Nunn
DeConcini	Hollings	Packwood
Denton	Humphrey	Pressler
Dixon	Johnston	Proxmire
Dodd	Kassebaum	Quayle
Dole	Kasten	Rockefeller
Domenici	Kennedy	Rudman
Durenberger	Kerry	Sasser
Simon	Symms	Warner
Simpson	Thurmond	Wilson
Specter	Trible	Zorinsky
Stevens	Wallop	

NOT VOTING—5

Chiles	Goldwater	Stennis
East	Stafford	

The PRESIDING OFFICER. The decision of the Chair does not stand as the judgment of the Senate.

GRAMM-RUDMAN: SOME ARE MORE EQUAL THAN OTHERS

Mr. MATHIAS. Mr. President, once again, the issue of our $2 trillion debt is being cloaked by a debate over changing the Budget Act. It is the debt limit which forces this vote today, but it is the Gramm-Rudman amendment that has prevented us from proceeding. This body has passed one temporary extension after another, unable to authorize the borrowing necessary to pay for what we will spend. We cannot hide from ourselves or the American people the awful truth of our failure. No amount of wishful thinking, rosy economic assumptions nor even changes in the rules can wash this red ink from our hands. As Members of Congress we must play many roles, but Lady MacBeth should not be one of them.

I have already expressed my concerns about how this initiative will affect the way Congress makes the decisions that deficit reduction requires. But the fact is that the fight on Gramm-Rudman is not over procedure alone. The outcome matters. With a yearly deficit once again approaching $200 billion, only drastic program cuts can bring us back in line with the deficit caps allowed in Gramm-Rudman. Because we apparently cannot bring ourselves to address both sides of the budget ledger, all parties to this debate struggle and tug, push and pull to shelter special programs and protect personal priorities from the automatic budget-cutting chopping block.

Among the programs spared from destruction are Social Security, Medicaid, food stamps, veterans compensation and pensions. All are worthy programs, all are priorities that we agreed to fund, but are these programs all more worthy than what is left? George Meany, a Marylander, once gave a pretty good guide for our work on the budget, "What we want is equality of sacrifice, not the sacrifice of equality." As the deficit grows larger, we will protect Social Security but will send Federal retirees, biomedical research, and our children's education to face a fiscal leviathan that we are too frightened to confront. For retired Federal employees in particular, the action of the conference committee in eliminating any cost-of-living increase violates the principle of equal Federal treatment of retirees from the pubic service and those in the private sector. Our approval of this action adds the insult of a broken convenant to the economic injury of the freeze itself.

Good government is about making responsible choices. We must reduce the deficit but not at the expense of all else. At the beginning of the year I characterized this problem as "debt-mail." At the end of the year this body has surrendered to it. As elected officials we must make the decisions that we were elected to make. We must not let a procedure of silent and anonymous consent dictate results for us.

Mr. GORTON. Mr. President, I speak today in support of the Gramm-Rudman-Hollings amendment to the debt ceiling increase. This measure provides this body, the House of Representatives, and the administration with our finest chance to regain control over our fiscal policy after we allowed our last great opportunity to do so to slip away last summer.

Thanks to the distinguished Senators from Texas, New Hampshire, and South Carolina, we have a second chance not only to reduce the deficit but also to improve our system of formulating and adopting and enforcing budget resolutions. These changes will stand us and our country in good stead long into the future.

It has been several months now since the Gramm-Rudman-Hollings amendment was first produced, born as a result of mounting frustration. The budget we adopted for this fiscal year was comprised by partisan politics and postelection preoccupations that, in retrospect, precipitated the disillusion that proved conducive to this type of action.

In the weeks since the budget resolution passed, we have been confronted by a not unexpected reality. That reality is that it is proving difficult, through either the appropriations process or the reconciliation process, to adhere even to the meager budget targets we passed last summer, the result of which is that the bills face the threat of a Presidential veto.

This has been the most acrimonious budget battle since I have been a Member of this body, Mr. President. And it has been the most arduous, most urgent, and most disheartening. It has been disappointing to fight for a responsible budget, to end up with a mediocre budget, and to see even those efforts threatened to erode in the reconciliation and appropriations processes.

It is abundantly clear that we must create a much stronger budgetary discipline in order to accomplish the task all of us know to be urgent and essential. No other legislative question before us—and there are a good many which are extremely pressing and important—is so urgent. Our Nation's growth and our children's continued economic well-being depend upon our actions now.

The Gramm-Rudman-Hollings amendment is akin to the sword of Damocles with the threat of sequester hanging over us by a thread. This threat, I firmly believe, will make the next year's task easier by introducing into the budget process a sequester mechanism that brings the realities of budgetary inaction home to all of us. The process now will have a tool that will automatically do the budget slashing for us, according to the formula painstakingly hammered out by the conferees, led by the distinguished Senators from Oregon and New Mexico and their House counterparts, if we fail again to achieve the goals of the amendment.

Today the consequences of deadlock on the budget, resulting from political posturing and games of chicken, are subtle and mostly postponed until an undefined future. The consequences will not, as a result of the Gramm-Rudman-Hollings, be on our front doorstep, unavoidable, undeniable, and unhideable.

I support the amendment because the sword which is hanging over us is one I never want to see fall. I never want to see an annual sequester order implemented. I hope that, instead, Congress will now make the responsible decisions for which our constituents are asking.

I do not believe that a sequester of significant size need ever be visited upon us. We ought now to negotiate the necessary spending cuts because we are all in the same boat. We are faced with the ramifications that across-the-board indiscriminate program cuts will have on our constit uents if we fail to do our jobs correctly. Contrary to superficial and misguided criticism, this action is not a means by which we assuage our frustration and guilt for not having passed a more responsible budget last summer. Given the constraints imposed on last summer's debate by the Oak Tree agreement, we muddled through admirably. Yet this body was not established to muddle through.

This measure will improve the budget process so that we will not in the future muddle through budget matters of importance and urgency.

The question before us is quite simple. Can our national economy and our constituents endure another budget battle as acrimonious and as fruitless as the one we have just undergone? Will not, in all likelihood, the next round simply be worse? I cannot believe there is anyone who believes it will not be worse without the Gramm-Rudman-Hollings amendment, and that it will not be more damaging. We need this amendment. It is vastly superior to our present procedure. For the first time, the consequences of doing nothing will be worse than the consequences of doing something.

Immediately before the last vote, we listened to extended and eloquent criticisms of his proposal by the distinguished Senators from Colorado and New York. I submit, Mr. President, that both of them looked this morning, as they have from the beginning of the discussion of this proposal, through the wrong end of the telescope. Each threatened us with serious and adverse consequences to our national defense. Each, ironically, stated that it was impossible to have an appropriate level of national defense without a tax increase. And each tended to guarantee that we would not in the future, as we have not during the course of the last year or two, look at the relationship among spending programs, and between spending programs and our revenue base as objectively and immediately as is absolutely required.

To debate the Gramm-Rudman-Hollings proposal on the basis of what will happen if Congress does absolutely nothing so that the only budget action in the course of the year is an automatic sequester is, I think, profoundly to misinterpret the impacts of the facets of this proposal.

It is simply because those consequences are so adverse, not just to defense but to many nondefense programs, that we will finally have the motivation to do the job right up front. For the first time under Gramm-Rudman-Hollings, the President of the United States is required to submit to us early in the year a budget which will meet prescribed deficit targets.

That budget is likely to be a draconian one as it comes from the President. It is certain to focus our attention on the real issues facing this country today—the necessity to balance our spending and our revenue-producing programs in a way which is responsible, and does not simply ask our grandchildren to pay for programs we wish to have and are unwilling to pay for ourselves.

And the process in the Budget Committee, on the floor of the House, and on the floor of the Senate under this proposal will be similar. We will find it much more difficult to introduce and support what are commonly called hero amendments to restore major spending programs without paying for them. We will be required to set priorities ourselves in a way we failed to do during the course of the last several years.

Personally, from the point of view of this Senator, I think we will end up with a balance of judicious reductions in spending programs, and judicious increases in our revenue system. I think sooner or later we will force the President to choose between what he honestly believes necessary for the appropriate defense of the United States and his refusal to consider any revenue increases whatsoever.

It is my premonition that he will regard his responsibility for the defense of the United States as being the higher of those two priorities, and that at the same time we will determine that at least certain vitally important domestic programs, while they may be able to take some additional modest reductions, are important to the people of the United States—important enough not only to vote for but to pay for at the same time.

Clearly, Mr. President, the system of passing a budget during the course of the last 10 years has been one which has not met the expectations of those who sponsored it in the Budget Act of 1974. Equally clearly, it is an improvement over its predecessor procedure pursuant to which Members did not even know the consequences of what they were doing until after their actions had been completed.

Clearly we have learned enough during the course of the past 10 years to create a better procedure and to require ourselves to talk to one another more, to compromise more, to accommodate our respective interests, and to do so in a fiscally responsible fashion.

Last summer, Mr. President, when the distinguished Senator from Florida, Senator CHILES, and I proposed an outline of a budget which made judicious choices with respect to spending priorities, it showed the willingness to increase $1 revenues to $5 in spending cuts, but a curious combination of the President of the United States and the Speaker of the House of Representatives effectively obstructed serious consideration of the Gorton-Chiles proposal. It seemed to me, Mr. President, that the agreement between the Speaker and the President amounted to saying that one side could spend what it wished on defense, the other side could spend what it wished on domestic programs, and we would all agree to send the bill to our grandchildren.

That is not a responsible way in which to operate, Mr. President. The passage of the Gramm-Rudman-Holling amendment will come as close as we possibly can to guaranteeing the proposition that we will not act in that fashion again in 1986 or in 1987 or until such time as this budget is balanced.

It is not only not a disaster. It is not only not a child for whom no one will claim parentage at some time in the future. It offers us the single greatest opportunity to act as Senators should act—to act responsibly to deal with the fiscal challenges that are facing this country in an effective, and in a prompt fashion—than we have had at least since this Senator has been a Member of this body.

Mr. President, I should like to commend the distinguished chairmen of the Budget and Finance Committees, as well as all of the other members of the conference committee, and both Senators and Members of the House of Representatives for their hard and distinguished work in achieving an acceptable compromise.

After months of difficult negotiations and some setbacks, they have delivered to us today the workable solution to our budgetary problem. Finally, I want to commend the two principal authors of the proposal, the Senators from Texas and New Hampshire. There must have been a thousand times when the obstacles they faced seemed to them insurmountable.

The fact that two junior Senators were able to formulate this proposal, to present it to the Senate, and to see it develop into one of the most far-reaching pieces of legislation in this century is a tribute to their persistence and intelligence—and also I believe a tribute to this body, and to the free political process that made it possible.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. Mr. President, if I may take a few minutes to explain to my colleagues why a Democrat of aggressive bent is for this. There are some strange alliances on this vote. It is not clear why in all respects we have some of these alliances. But let me outline very briefly.

First, this bill for the first time since I have been in Congress—and I am in my 11th year—faces up to the deficit problem. It is not a perfect bill. It is not like what I would write. It is not like what the Senator form New Hampshire would write or the Senator from Texas or my colleague, JOHN GLENN, or anyone else. But it is doing something. And the critics by and large—I say this with great respect—are not coming up with answers, and doing something about this terrible problem is better than doing nothing.

Second, that deficit is growing, and the interest payments are growing to the point that have to frighten any person who is at all reflective about where our economy is.

For the first time since 1914 we are now a debtor nation. This year we will spend $181 billion on interest. The Presiding Officer, I, and my colleagues all remember, I regret to say, when John F. Kennedy was President of the United States in fiscal year 1962. For the first time we had a total Federal budget of $100 billion. Now we are talking about $181 billion for interest alone—interest is now No. 3 behind Defense and Social Security. If we do not make a change, by fiscal year 1991 interest will be No. 1. We are at the point where interest expenditures will double every 4 or 5 years.

You do not need to be an economic genius to recognize ultimately that has to mean economic chaos.

For those of you who have pencils and for my colleagues who may be listening on the PA system or their staff, let me suggest this is one point on which you may want to jot down a couple of notes. For fiscal year 1980 to this fiscal year, here is the growth in the Federal budget in outlays.

Defense, 88 percent; entitlements, 56 percent; discretionary defense, 20 percent; interest, 240 percent.

How long can we keep that up?

Mr. DOMENICI. Will the Senator yield?

Mr. SIMON. I would be pleased to yield.

Mr. DOMENICI. This is over what period of time?

Mr. SIMON. This is fiscal 1980 to 1986. It is outlays, not budgetary authority.

We are talking about a mammoth growth in interest. And on that $181 billion, one point that I do not hear mentioned and I heard my colleague, to his credit, mention this, Senator BUMPERS, there is a massive redistribution of wealth that takes place with this. Who pays that $181 billion. Well, it is the people who sweep up this Chamber in which we are speaking. Who receives the $181 billion? It is the economically fortunate of this country who receive it.

Senator BUMPERS described this as the most massive redistribution of wealth in modern history. I have no reason to doubt the truth of that statement. But it strikes me as unusual, to put it mildly, that a lot of people will stand up for the poor, for the middle class, and not recognize what is taking place here.

Also, as that incomes grows, you squeeze out an ability to respond to social programs. I want to see this Nation do some things in education that we have not done. I want to see us do some things in health care we have not done. But, frankly, there is not a chance in the world we are going to do those things if we keep seeing interest rates grow at the present growth.

Anyone who is interested in seeing social programs grow in this country ought to be for Gramm-Rudman.

As part of this, I think—and I say this with great regret—the only way of getting hold of the arms race is getting hold of our budget. I see weapons system after weapons system, some of them ridiculous, get approved. When is the last time we turned down a weapons system in this body? We are not going to turn them down until we see we cannot spend all the money we want to spend.

When you take your children into the toy store, you cannot let them buy every toy in the store, and when you take the admirals and generals into the weapons store you cannot let them buy every weapon in the weapons store. There have to be limits.

I want an adequate defense for this country. I served overseas in the Army. I am proud to have served overseas in the Army. But to waste money and to escalate this arms race just does not make sense.

If I may digress for just a moment, my distinguished colleague from New York, Senator MOYNIHAN, made a point that I think is too easily accepted as truth. That is, he equated political power around the world with arms power around the world.

We have to maintain an adequate defense so that we can guarantee the safety of a great many countries. I do not for a moment suggest that we should not do that.

But if you take a look at history over the last three decades, you will see that the Soviets, for example, have increased their arms strength relative to the United States tremendously. But what has happened? All of us can remember the day when China was considered to be a satellite of the Soviet Union. That is no longer the case. All of us remember when all the other Warsaw Pact countries were considered absolute satellites. While there is still too much truth to that it is also true that Romania, for example, voted against the Soviets on Afghanistan.

Look around other spots of the world—Indonesia, the fifth largest nation in the world in terms of population once was totally under Soviet domination; Egypt was moving in that direction.

Building up arms without reason does not automatically equate or turn into political power around the face of the Earth.

Finally, I think this bill is going to force us to face up to something that we talk about privately but too many of us do not talk about publicly. That is the revenue need.

Let us face it: We are not going to solve this deficit without additional revenue. I think we can do it without increasing tax rates, but I think we have to consider things like that suggested by the Republican Members of this body, the oil import fee, a $10 oil import fee bringing in $18 billion. We can start the snowball going in the right direction.

One of the things that happens when we start moving in the right direction is you gradually reduce interest rates.

One economist I talked to guessed that for every $50 billion you reduce the deficit, you reduce interest rates 1 percent.

One of the things that happens when you reduce the interest rates 1 percent when you have a $2 trillion indebtedness is when you decrease ex-

51-059 O-87-2 (Pt. 26)

penditures by $20 billion, you decrease the deficit.

This is not perfect, again, as I said, but I think it will give us a chance to get a hold of the economy. Why has the stock market taken off as it has? I think, frankly, it is because of Senator GRAMM, Senator RUDMAN, Senator HOLLINGS, and the people who voted for this and showed the financial world that we are serious about this thing.

Are there weaknesses to it?

There is one major weakness, and whether we have the courage to stick by this thing, I do not know. The weakness is if next March or a year from now we get down to where it is really tough, we can change the law. I hope we do not, but that could be an easy way out. This is at least an attempt, a serious attempt, however, to deal with the problem.

Senator MOYNIHAN said a few minutes ago that next March we are going to be in a state of panic. Well, we ought to be in a state of panic right now about where that deficit is.

So this seems to me to be a concrete, effective step forward that can protect the economy of our country, protect our ability to respond to social programs, and reduce the likelihood of an arms race. I think it is extremely important that this body affirm this conference report and that we take this step forward.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. DENTON). The Senator from New Hampshire.

Mr. RUDMAN. I thank the Chair.

Mr. President, we come here today to the end of a long, arduous, stimulating, and challenging effort to address the No. 1 problem facing America. It is not that I say it is the No. 1 problem facing America, but it is the American people who, in poll after poll after poll, have said, "Enough."

The American people have said, "We no longer will allow you to mortgage not our futures—our futures are mortgaged—but the futures of our children and our grandchildren."

Thus, we come here today to the passage, I am sure in both bodies, of this legislation.

Let me start out by simply saying it would be impossible for us to even be here today were it not for the efforts of Senator DOMENICI and Senator PACKWOOD and their incredibly competent staffs. I thank them.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the names of a number of people, many of whom are staff, who deserve the thanks of this body.

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

Others who deserve special words of thanks include Senator GRAMM and Senator HOLLINGS, the two prime sponsors of this bill; Senator LONG, Senator BENTSEN, Senator COHEN, and Senator DODD, who provided us with critical support early on; Senator CHILES, who worked with us to produce a better bill despite his misgivings about the entire concept; and the major House negotiators, Congressmen FOLEY, GEPHARDT, PANETTA, and ASPIN.

In addition, there are a large number of House and Senate staff who have devoted their days, nights, weekends, and holidays over the last three months to help produce this measure before us. On the Senate side, they include Steve Bell, Sid Brown, and Nell Payne from the Budget Committee majority staff; Bill Diefenderfer, Frank Cantrell, and Ed Mihalski from the Finance Committee majority staff; Mike Stern and Joe Humphries from Finance minority staff; Rick Brandon of Budget minority staff; Bob Gilmour and Margaret Hostetler from the Governmental Affairs Committee; Steve Camp and Brian Kintisch from Senator GRAMM's office; Bob Sneed and Barry Strumpf for Senator HOLLINGS; and Richard Lauderbaugh of Senate Legislative Counsel.

Mr. RUDMAN. Mr. President, I will not extend these remarks to state why this bill is going to pass. It is going to pass because it is the only alternative that this country has to bring these deficits under control.

Charges made against it over the last 3 months have been factually disproven. The charge of giving a President vast new powers? We do not hear about that much any more. On the point that this is some draconian measure—and I heard the senior Senator from New York talking about this measure in those terms—let me note, to keep this in perspective, that we have a $1 trillion Federal budget this year, $1 trillion. We are talking of maybe trying to get $30 to $40 billion out of that budget next year.

If you told the average family or the average company that, out of their expenditures, they might have to reduce them 3 percent to stay alive, they would say, "Fine, we will do it." That is what American families do. That is what they do around Senator GRAMM's proverbial kitchen table every week.

Yet we have heard it is draconian. The fact of the matter is that the bill calls for a modest kind of reduction.

I said several months ago that it was a bad idea whose time had come. I meant simply that it is a shame that we face this alternative of essentially adopting institutional courage by statute. But that is precisely what it has come to.

I read in the paper this morning a column by a distinguished columnist, who is entitled to his opinion, decrying the fact that we would not show the courage to do what we ought to do. The Budget Act has been on the books since 1974 and the deficit has increased arithmetically since the adoption of that act. It has not worked.

That columnist went on to say that we ought to do the right thing. This bill will ensure that either we do the right thing or, under the broad light of the Sun, we will be forced to repeal it and tell the American people that we cannot do it. At that point, they should throw us all out of office—indiscriminately—if Congress cannot institutionally work with this instrument, which is not a blunt club, but after what this conference has done, is a fine surgical instrument.

We come to today because there is no other alternative. We come to today because we are concerned about the future of this country. Much has been said about the sequestration process. Let me say that the front half of this bill, which reforms the budget process, makes it far more difficult to do the kinds of irresponsible things that we have done in the past. That is the part of the bill that, in my view, will bring reason to a disorderly process.

If, in fact, we cannot resolve those disputes, then in the second half of the procedure equally, with exemptions for those programs which are called the safety net and with those exemptions only, we will have the automatic sequestration procedure. I hope it does not happen. It is my view that if it does, it will happen only once.

I conclude these remarks with just some direct statements about our friends across the river at a building called the Pentagon. I came to this body a strong proponent of increased defense. I remain that way. But I am not a proponent of getting increased defense through reckless, wasteful, or profligate spending which, quite frankly, I have seen more than enough of in that building across the river.

How dare a spokesman for the Secretary of Defense state to the world press, as one did yesterday, that supporting this bill gives comfort to the Soviets? Comfort to the Soviets. The Secretary of Defense has been quoted on occasion as saying, every time we seem to do something he does not like, that there is dancing in the streets in Moscow. I suggest that those across the street ought to look at the dancing in the streets of Moscow when this Government has to borrow $2.3 trillion; when America has become a debtor nation; when 40 percent of all of the Government's securities to finance the deficit in the last quarter were bought by foreign banks and foreign individuals. I wonder if there has been dancing in the streets of Moscow as they watched the American economy prepare to destroy itself?

Then we have the Secretary himself, who appears before the Senate Committee on Armed Services and says, and this is paraphrased but accurate, the defense budget does not respond to deficits; that is not its concern; the defense budget responds to the threat.

Well, that, on its face, is essentially true and a reasonable statement. But I

submit to anyone listening, where do the Secretary of Defense and the people who work for him think that defense budget will go if this country falls into recession or worse? I tell you where it will go. It will go where it has always gone: It will get savaged, it will get reduced, it will get destroyed, because that will be the last priority of a country in economic disarray. So I hope that the people across the river in that brick edifice or concrete edifice, or whatever it is—stone edifice; I thank my friend from Texas—I hope they might consider that maybe we are striking a blow for them, that maybe by preserving this economy we can continue a reasonable buildup of defense.

But let me say that there are those of us in this body who are starting to question the expenditure of one-third of that budget in Europe. That is right, one-third—$80 billion in Europe. The chairman of the Defense Appropriations Sucommittee tells me that with all costs, it is probably closer to $100 or $110 billion.

I might say to the people in that stone edifice, maybe they ought to look at some of the disarray they have found themselves in in procurement, in spare parts. They ought to look at the number of people they employ. They would have us believe that every dollar is well spent. But, I say to them that there is no budget with $280 billion in it that does not spill more—spill more—than this sequester will ever reach.

Let me wind up, Mr. President, by saying that I hope those of us who support this bill, those of us who have labored long and hard on this bill—many of whom have labored long and hard for this country in this Chamber and in fields abroad—need not have to read any more that our efforts to strengthen America are a comfort to the Russians. It is offensive, it is distasteful, it is irresponsible, and it is untrue.

I hope that as we cast our votes here today, we recognize that when we come back next year, we will reflect the needs and desires of our constituencies and our own judgment to continue to build sound defense based on truth in expenditures of funds, provide those social services to those citizens in need in this country through the kinds of things that my friend from Illinois would like to do—and I share those views—but to do them within a framework of balanced budgets.

To those in the administration and for those in this body who fear that this may bring new taxes—which I would prefer not to happen—I will say this: If that happens, it will happen within a framework of descending deficits toward a balanced budget; whereas everyone in this body would agree, I am sure, if we put $20 billion of new tax revenue on that table right now without this bill being in place, this Congress would swallow that $20 billion like putting fresh meat in front of a hungry tiger. This bill prevents that. This bill puts responsibility into the system. This bill says to the American people that we care about the economic and national security of America.

That is why it has the support of the people. That is why it has the overwhelming support of this body; and that is why people of goodwill and good intellect have banded together to say, "Enough" to profligate spending of this Government.

I thank the Chair.

Mr. GLENN. Mr. President, I rise to oppose this bill. The bill before us contains possibly the most important piece of budget legislation since the Budget Bureau was found in 1921. In some ways, Mr. President, it is even more important than the 1921 act itself for it drastically changes the way we look at intergovernmental relations, at fiscal policy, at tax policy, and at the constitutional balance of powers between the executive and legislative branches of Government. I believe it is an appallingly bad piece of legislation.

Mr. President, let there be no misunderstanding. I am absolutely unequivocally dedicated to a balanced budget. In fact, I put 2 years of effort into running for the Presidency based largely on the fact that I though we needed a balanced budget and we were headed in the wrong direction. I stressed over and over again, at every single stop I made, proposals which, with the budget deficit at that time of $140 billion, would have gained us about $80 billion. Had we followed those policies, we would be in good shape today. But I will not rehash that campaign over and over again except to repeat once again, I am as much in favor of a balanced budget as anybody in this body. But I am not alone in criticizing this bill.

Nobel laureate economist Franco Modigliani claims that the bill is "calculated to create instability in this country." The Director of the Congressional Budget Office, Rudolph Penner, has cautioned against granting as it does what he called "really a cosmic amount" of decisionmaking to unelected officials. The conservative columnist George Will points out that the bill would "hand a meat cleaver to the executive branch and force the use of it." He further expresses amazement at the fact that "conservatives supporting this deficit-cutting proposal favor a form of executive power far beyond the dreams of liberal politicians."

What I consider to be the most damning commentary on the bill, the Pentagon stated yesterday that this legislation, if passed, would send "a message of comfort to the Soviets."

Mr. President, let me review what this bill does to us as a country. There are six points to make here. No. 1, the bill is a formal admission that the Congress does not know how to balance the budget; that we simply do not have the guts to make the hard choices to bring our fiscal house into order.

I ask, are we really doing our job by enacting a law which says we have failed? The distinguished Senator from New Hampshire, one of the authors of this legislation, who just spoke, was quoted in the press back just a few weeks ago as saying that, "Yes, what this bill is is a substitute for guts."

Well, I say that we need a substitute for guts for the President of the United States, too. The President of the United States is the one who draws up the budgets for this country and submits them to us. Last year he submitted the most unbalanced budget in American history, and it was not 30 days before he was berating the Congress for not cutting more out of what he had just submitted to us 30 days before. Talk about irresponsibility.

Second, the bill takes one of the most important functions of Government, the allocation of our tax dollars, and places it almost entirely at the mercy of some unelected officials whose predictions will trigger the automatic budget cuts. Is this what our constituents sent us to Washington to do?

Let me talk a moment about those automatic budget cuts. Debate on the Senate floor has centered on so much coming out of defense, so much coming out of social programs. Let me pin that down to just a few little things that I think might be of interest because, as I understand this bill, in the second year it is in effect these cuts will be passed right downhill to every line-item program. When cuts are mandated, those will go right down to every single department, every single office within a department, and they will take their proportional cuts.

Now, if that occurs, let me just ask a few questions. What about the people who are out there trying to prevent drugs from getting to our young people? We will cut those people. Their programs will be sliced back right along with everything else. Drug-alcohol programs, rehabilitation, and catching drug pushers and distributors are going to be cut back if this is ever triggered.

How about the people in our Federal prisons? We are going to cut back on prison funds, so does that mean we are going to have to let people out or crowd them up? The courts say we cannot crowd them up. So I guess that

is going to mean the judges cannot send people convicted of Federal crimes to prison.

Here is another one. We all travel in this country by airline. It means, if we trigger this, that airline inspection teams from the Federal Aviation Administration are going to be cut back. There will be fewer inspections of airliners, fewer inspections to be sure that airline maintenance personnel are coming up with the things that are not being done. It means that we will have air traffic controller cuts along with everything else. I do not see how that can result in more airline safety.

Another area. TV has been covering this past week the fact that NIH may have made some real breakthroughs with regard to cancer. It is hailed as possibly a great new breakthrough. Do not forget, we are going to cut back on those funds now. That program will be cut back right along with everything else. It is not excepted. Once these cuts are passed downhill, NIH cancer research will be cut back right along with everybody else.

How about our funds for antiterrorism? Do we want to cut those back? I suppose we could. If we trigger this, we are saying in effect there is no judgment to be put into place here between one program and another because we are going to meat ax them all. We are going to give them all the same treatment and pass that downhill into every program within every department of Government if this is triggered. So antiterrorism funds will be cut back in addition to those I already mentioned.

Last year we held some hearings in the Governmental Affairs Committee with regard to meat inspection. We have a lot of meat coming in from outside this country where we do not have adequate inspection, and so there was a real health concern. Well, how are we going to catch any rotted meat that gets shipped in from abroad? Under this bill we are going to cut back on our meat inspectors.

How about all these farm programs? We saw in the news media that a farmer in Iowa was so frustrated he went out and killed his family and shot himself. Writeups in the paper say this is not an abnormal attitude among financially distressed farmers right now. But do not forget that under this trigger legislation farmers are going to take their cuts in farm programs right along with all the other things that are going to be cut.

Some people cannot get their money out of banks these days. Do not forget, bank examiners are going to be cut back so we may have a few more fraudulent banks around the country and a few more of them becoming insolvent because we could not put bank examiners out there to do the job that has to be done.

You are going to have to cut back on AIDS research. We are going to meat ax that. We are going to cut that back automatically and say that such research is no more important than anything else instead of the fact that this may be one of the greatest threats to mankind we have ever heard about if we do not get control of it. Are we going to meat ax that? Are we going to cut it back right along with everything else as though it is not any more important than anything else?

How about communities with radioactive waste problems? We have been into that in great detail back home in Ohio.

Suppose you have a hurricane coming into Florida. We are going to cut back on funds to predict hurricane movements, I want you to know, if we trigger this thing. We are going to cut back on funds with which to help warn people to get out of the way of that hurricane. Where hurricanes used to kill several thousand people in a year's time, now that is unusual. We are going to cut back on those programs now if we do things like this. Do not forget that.

These are just a few of the things. Let me mention more.

There is concern about spies in the country. Are we not in need of more FBI out there to catch these people? We are doing a pretty good job right now catching up with some of them. We are going to cut back on that? The FBI will have to take its rub along with everything else. We do not want to catch as many of those spies, I guess.

How about research and development? We helped other nations recover after World War II, and they recovered so well that they are competing with us in some areas. They are putting more into research and new discoveries that will let them be the leaders of the future. What are we doing? We are going to automatically say that in addition to the 29-percent basic research funding this administration cut in the first year, we are going to chop that back further. Research and development outlays are fundamental to whether we are going to remain a technological leader in the world and maintain the technology that will enable us to lead the world in jobs and opportunity. We are going to say that we are going to meat ax that, that it is not more important than anything else.

How about educational programs? We are going to cut back on those funds. We already did somewhat, but we are going to cut back more. It means that at a time of increasing world competition, we are going to cut back on research and on higher education. Great. I cannot think of anything more likely to eat our seed corn and put us in a second-rate position in the world.

How about unemployment benefits? Come to Youngstown, OH, a place which has been heavily impacted. Unemployment benefits have been the salvation of some of those communities that were hard hit when steel went down. We are saying that just when it is needed the most, unemployment benefits will go down. They will be cut back, along with everything else, as though they were not important to keep families together, to help tide people over a period of time when they are really hard hit. We are saying, "No, we do not have the guts in Washington to take care of this, so we will chop unemployment benefits."

The administration of Social Security would also be cut; not the Social Security Fund itself, but if you think you have trouble getting your checks up to now, just wait.

Equal employment opportunity funding would be cut. So would EPA enforcement—how we put people out there to deal with toxic waste in your communities—that would be cut.

What I am saying is that some of these things have to have judgment attached to them. We cannot just say that these things are going to be cut automatically, as though there is not some greater degree of importance in one of these programs than in another.

Mr. President, that was the second of the points I want to make. The third is this: This bill places naive faith in the science of economics. Economics is not that much of an exact science. Under this bill, billions and billions of dollars can be excised from the budget if the Government's economic forecasts show that the budget will miss the Gramm-Rudman targets. I ask anybody here how often those forecasts by the Government have hit accurately.

I think our CBO estimates have been more accurate than any others, but they are not accurate enough to make some of the judgments that have to be made under this bill, nor do they claim to be that accurate.

This means, however, that estimates of revenues and spending, which is how one estimates the deficit, have to be accurate to within one-half of 1 percent. If these estimates are wrong, many people may suffer from budget cuts that might not have been necessary.

So I ask, are we really going to trust our economy to some econometric equations that were never meant to deal with this kind of policymaking?

The fourth point: The Gramm-Rudman-Hollings amendment locks fiscal policy in place for 5 years. This is one of the most amazing aspects of the bill. It says that all the fiscal policy planners in the country can go home and come back in 1991 when the bill expires. Perhaps they will be

needed more than ever at that time, because fiscal policy will be in such disarray even before 1991 that drastic work will be necessary.

The Gramm-Rudman-Hollings proposal says, in effect, that we can simply point the ship of state in the right direction, then weld its wheel to the deck, and hope that 5 years later we will have reached our destination. Is this a way to make fiscal policy?

Fifth, the amendent plays havoc with our tax system. Governors and Mayors across the country will be forced to raise taxes in order to stem the erosion of governmental services caused by the Gramm-Rudman cutbacks. What this will do, in effect, is transfer billions of dollars of taxing authority from the Federal Government to State and local governments, and maybe that is one of the purposes of this. It takes that taxing authority from a single, relatively efficient taxing mechanism to thousands of relatively less efficient ones. States and cities in declining areas of the country may face financial catastrophe as Governors and mayors attempt to meet essential needs with both a declining tax base and declining Federal funds. Is this what we want to do to our States and cities?

Sixth, the bill makes a mockery of the administration's economic program. The administration wants to spur the economy by cutting taxes, but it supports Gramm-Rudman, which will undoubtedly wind up increasing our taxes. What kind of policy is this?

We have had Kemp-Roth, Gramm-Latta. Senator ROTH said a couple of days ago, and was quoted in the paper this morning as saying, that the passage of this would inevitably mean that we would have to raise taxes quite seriously in the future. I think his judgment on that is right.

The point of all this is that judgments must be made between programs, we must not supply trigger off the program cuts. These programs are not equal in importance to our country and our people.

What got us into this to begin with? It was the one-quarter reduction in revenue, on the theory that with that new money out there and new incentives for business and consumer confidence, this would indeed cause such a surge of new economic activity in this country that it would create more and new revenue than was lost by this one-quarter reduction.

What are the facts? The facts are, flatly, that it did not work.

I can agree with those who support this measure and those who supported that tax reduction, that, yes, inflation is down; yes, interest rates are down, which they point to with great pride. But I say, at the same time, at what expense? It is at the expense of the $200 billion-plus a year deficits. How long can we hope to live on that kind of borrowed money?

Mr. President, I oppose this bill. Many of my constituents oppose it. Even those who support it have the same goal as I: to balance the Federal budget. To do it this way is wrong. It is wrong policy. It is wrong economics. I believe it will be proved unconstitutional as well.

I urge my colleagues to vote against this bill.

Mr. President, I ask unanimous consent to have printed in the RECORD an article by David Broder in this morning's Washington Post, entitled "The 'Rudman-Gramm Balanced-Budget Sham.'"

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

THE "RUDMAN-GRAMM BALANCED-BUDGET SHAM"

(By David S. Broder)

The label on the "Gramm-Rudman deficit reduction plan" has a nice rhythm and rhyme to it. But a more accurate name for the measure Congress is likely to embrace this week, as a way of dodging the blame for the runaway deficits, is the "Rudman-Gramm balanced-budget sham."

The rationale for reversing the names of the principal sponsors, Sens. Phil Gramm (R-Texas) and Warren Rudman (R-N.H.), is that Gramm-Rudman is the opposite of what it purports to be.

In the name of predictability—a measured five-year progression toward zero deficits—it deliberately invites chaos. In the name of responsibility, it almost guarantees that the deficit hot potato will be passed back and forth between President Reagan and Congress even more often than in the past five years.

In the name of fairness, it grants budgetary immunity to politically privileged programs and guarantees that programs whose beneficiaries are weaker will take a disproportionate share of the cuts.

Under the guise of toughness, it maintains the conspiracy of silence about the need for more revenues and thus invites Reagan to maintain the anti-tax stance that is the principal cause of the deficits. The remarkable thing about Gramm-Rudman is that many of those who are voting for it know it is a scam. Don't take my word for it. Listen to what Rep. Leon Panetta (D-Calif.), one of the conferees who crafted this marvel, told The New York Times: "The theme in what we did was to make this thing so irrational, so ugly that it works as a club."

The "club" is supposed to be the threat of implementing this "ugly . . . irrational" process rather than let the severe slashes in unprotected domestic and defense programs required by Gramm-Rudman go into effect next year, the sponsors say, the president and leaders of both parties in Congress will surely negotiate a more sensible set of budget compromise.

To which the experience of the past five years screams; fat chance. For five years, Ronald Reagan has dug in to protect his sacred cows (strategic weapons and lower tax rates) and the Democrats have been equally vigilant for theirs (Social Security and Medicare). Gramm-Rudman does not require either to yield an inch. Instead, it posits that Reagan and the Democrats will join in an assault on other, unprotected spending. They won't.

What they will do, instead, is try to outfox each other in a game of legislative-executive chicken. That game bears no resemblance to a sensible consideration of the merits of rival budgetary claims. Faced with the mindless Gramm-Rudman mandate to cut unprotected defense and domestic spending, 50-50, across the board, Congress will be invited to appropriate even more lavishly than it does now—and Reagan to veto appropriations even more offhandedly.

Out of this mischief and chaos, the most basic policy of the government of the world's most powerful nation is somehow to emerge.

It is a fraud—and a fright. Any proposal to deal with the deficit crisis that addresses the budget process instead of the immediate and real choices on spending and taxes is a fake. Gramm-Rudman is a dangerous fake, because it invites—indeed, requires—irresponsible behavior at every stage by every one of the major players in the legislative and executive branch.

The case against Gramm-Rudman was conclusively made last month by Sen. Charles McC. Mathias (R-Md.), who is retiring next year and is free of the requirement for political posturing that persuades so many of his colleagues they'd better vote for this travesty.

As he said, Gramm-Rudman "searches for a way to evade the hard choices that deficit reduction demands. It strives for a way to reach that goal without taking responsibility. It represents budget balancing by anonymous consent."

Mathias said he shares the doubts that have been raised about the constitutionality of Gramm-Rudman. The new process invests three sets of appointed civil servants—in the Office of Management and Budget, the Congressional Budget Office and the General Accounting Office—with authority to require one elected official, the President, to impound funds lawfully appropriated by another set of elected officials in Congress. If that is what the Founders intended, it is a puzzle why we even bother with elections.

But beyond that, he said, "the measure before us raises another, equally troubling danger, the danger of abdication of constitutional responsibility. The proposal strives for a system that makes both legislators and the executive impotent spectators of the budget process. But it will fail and it deserves to fail."

Mathias is right, and when the failure and the fraud of Gramm-Rudman becomes evident next year, I hope the voters will deal with those who concocted and supported it.

Mr. BINGAMAN and Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. Will the Senator from New Mexico yield?

Mr. GLENN. Will the Senator yield a few minutes?

Mr. BINGAMAN. I yield.

Mr. GLENN. Mr. President, there is one other point I wish to make.

When the Gramm-Rudman proposal left us to go to conference, it included an amendment which I put on here in the Chamber that I thought was very important. I understand now it came back without that amendment on there.

Mr. President, this would help immeasurably I think in bringing this whole budget under control, in that the law right now provides for the President to submit a balanced budget to us provided in law. Title 31 of the United States Code, section 1105(c), says if a President submits it to us and there is a shortfall in the budget he submits and he compares that with revenue, he will take appropriate action to close the fiscal gap. That "appropriate action" was defined in the explanatory notes at the end of that section to mean he can ask for borrowing authority, taxes, or other action to deal with that shortfall.

What my amendment which we passed here in the Chamber that day with about a 20 to 1 margin said was that the President in submitting budgets in the future could not ask for borrowing authority or debt increases. He would have to submit to us his idea for a budget other than dealing with the shortfall just by asking for borrowing authority on debt increases. In other words, the President down there with all the thousands upon thousands of people at his disposal who draw up this budget would have to, in fact, submit to us a plan for a balanced budget. The amendment phased in like the Gramm-Rudman-Hollings amendment, but at the same time required the President to give us the additional budgeting information of how he would propose to bring a budget into balance.

That passed here with a 94-to-3 vote in the Senate and why it was dropped in conference I do not know, but I understand in talking in the Chamber here a little while ago with some of the participants, they believe it was dropped. It is a voluminous bill. We have not gone through every item on it yet. I still hope that is in there because to me that is so fundamental. If the President of the United States is serious about this thing, let him submit a balanced budget to us. That is what the law provides. Do not just ask for more borrowing authority. Give us his ideas of where he thinks we should bring this thing back into balance.

Mr. President, I appreciate the forbearance of my distinguished colleague for those additional 3 minutes, and thank him very much.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, the Gramm-Rudman Balanced Budget Act of 1985 will soon be passed by the Senate. After much careful consideration I feel I must vote against this procedure. I strongly support action to reduce the deficit and I will continue to support realistic efforts to do this. But, on balance I believe the legislation before us will do more harm than good.

First, it will as David Broder in today's Washington Post states:

> Maintain the conspiracy of silence about the need for more revenues, and then invite Reagan to maintain the anti-tax stance that is the principal cause of the deficits.

Second, it will lock into place for 5 years a predetermined fiscal policy which may prove totally inappropriate to the economic realities our country encounters.

Third, it will exempt from automatic cuts certatin specified programs and insure that the remainder of Government spending will take a disproportionate share of the cuts.

And fourth, it will insure even more budgetary gamesmanship between the President and the Congress than we have seen in recent years.

When Gramm-Rudman was introduced in the Senate my initial instinct was one of suspicion about a procedural fix being offered to a substantive problem. I voted against the measure. After major reworking of the bill in conference, I was persuaded that some of the deficiencies had been addressed and I supported sending the Packwood substitute back to conference for further work. Now that that further work has been completed and additional time has passed, my understanding of the final version leads me to conclude that my initial instinct was right.

Although, in theory the passage of Gramm-Rudman will fix the deficit problem, it is in reality an untested, uncertain course, which may well carry with it the seeds of more budgetary and economic difficulties rather than fewer.

The difficulties of keeping the Nation on pre-set fiscal policy course for a 5-year period are well known. As a nation, we have failed miserably in such an effort throughout our history. To try to conform our fiscal policy to an inflexible course when the economic weather we encounter may require a different and more flexible course seems unwise.

I am not convinced the measure affords adequate protection in the event of an economic downturn, which in my view is a virtual certainty in the next few years. The economic downturn would be intensified by this procyclical automatic fix to the deficit problem. Although it is argued that there is an escape hatch for such a downturn, I am concerned it would either not be used or it could be used too late to avoid serious damage.

The conference agreement excludes many programs. In addition to Social Security, medicaid, and veterans benefits it exempts several antipoverty programs. These are all necessary programs. But their exclusion furthers the hardships that cuts will cause in other worthy and necessary programs. In addition to needed law enforcement, tax collection and compliance, agriculture and environment programs, the programs that will be hard hit include those that directly affect our national and international competitiveness. These procompetitiveness programs include research, science, trade promotion and education. What will be the impact on these worthy and needed programs?

Clearly if we are serious about reducing the deficit we must include taxes in the equation. No one, with the possible exception of the President, believes that the deficit can be eliminated solely by cutting spending. Yet, this process does not address the need for using taxes, along with spending cuts, to reduce the deficit.

The answer to our deficit problem must come from a cooperative effort by Congress and the administration which involves deep spending cuts as well as new taxes. Some argue that Gramm-Rudman will be the impetus for that cooperative effort. I hope they are right, but I doubt it.

I fear that holding out the prospect of a procedural fix will lessen the chance of cooperation rather than increase it. Any claim which the bill, in earlier versions, may have had to across-the-board spending cuts has been forfeited in its final form. And this bill, together with the President's almost daily denunciation of proposals for new taxes, will make it that much more difficult for Congress to act responsibly.

The seriousness of the deficit problem is unquestionable and the political appeal of a procedural solution to that problem is clear. But the challenges facing our country in the next 5 years are many and their solution will require more leadership and more vision than the regimen this bill will permit.

Thank you, Mr. President.

I yield the floor.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. RIEGLE. I thank the Chair.

Mr. President, let me begin by commending my colleague from Ohio and my colleague from New Mexico for their statements.

This is not a time I think when it is easy to oppose this measure because it can be misinterpreted as an opposition to bringing a budget into balance or can be misinterpreted as somehow favoring excessive spending, and so forth.

But I think what both the Senator from Ohio and the Senator from New Mexico have said thoughtfully and quietly and after careful examination makes very important sense and I think has to be considered with great care, and I applaud them for the positions that they have taken.

I wish to begin by referring to this column today by David Broder in the Washington Post because all of us here, all 100—could I have order Mr. President?

The PRESIDING OFFICER. The Senator from Michigan is entitled to be heard. Please let us have order in the Senate.

The Senator from Michigan.

Mr. RIEGLE. I thank the Chair.

David Broder, unlike all of us who are elected political figures and have to try and keep our eye on the next election and think about what we say and how we say it, he being in the forth estate is not in quite the same position and is not running for any office now or in the future presumably and is in a position perhaps more than most to call it as he sees it.

I think he is probably as much respected as any political analyst on the national scene that I can think of by Members in both parties because of his evenhandedness and also the seriousness with which he takes the study of government and the assessment and the history of government.

So when one reads his piece today entitled "The Rudman-Gramm Balanced Budget Sham," I think it is worth taking a look at what he actually says in his column reflecting as he does over many long years of experience in dealing with these issues here at the Federal level.

And I wish to read that column. David Broder said:

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Under the guise of toughness, it maintains the conspiracy of silence about the need for more revenues, and thus invites Reagan to maintain the anti-tax stance that is the principal cause of the deficits. The remarkable thing about Gramm-Rudman is that many of those who are voting for it know it is a scam. Don't take my word for it. Listen to what Rep. Leon Panetta (D-Calif.), one of the conferees who crafted this marvel, told The New York Times: "The theme in what we did was to make this thing so irrational, so ugly that it works as a club."

The "club" is supposed to be the threat of implementing this "ugly . . . irrational" process: rather than let the severe slashes in unprotected domestic and defense programs required by Gramm-Rudman go into effect next year, the sponsors say, the president and leaders of both parties in Congress will surely negotiate a more sensible set of budget compromises.

To which the experience of the past five years screams: fat chance. For five years, Ronald Reagan has dug in to protect his sacred cows (strategic weapons and lower tax rates) and the Democrats have been equally viligant for theirs (Social Security and Medicare). Gramm-Rudman does not require either to yield an inch. Instead, it posits that Reagan and the Democrats will join in an assault on other, unprotected spending. They won't.

What they will do, instead, is try to outfox each other in a game of legislative-executive chicken. That game bears no resemblance to a sensible consideration of the merits of rival budgetary defense and domestic spending. 50-50, across the board, Congress will be invited to appropriate even more lavishly than it does now—and Reagan to veto appropriations even more offhandedly.

Out of this mischief and chaos, the most basic policy of the government of the world's most powerful nation is somehow to emerge.

It is a fraud—and a fright. Any proposal to deal with the deficit crisis that addresses the budget process instead of the immediate and real choices on spending and taxes is a fake. Gramm-Rudman is a dangerous fake, because it invites—indeed, requires—irresponsible behavior at every stage by every one of the major players in the legislative and executive branch.

The case against Gramm-Rudman was conclusively made last month by Sen. Charles McC. Mathias (R-Md.), who is retiring next year and is free of the requirement for political posturing that persuades so many of his colleagues they'd better vote for this travesty.

As he said, Gramm-Rudman "searches for a way to evade the hard choices that deficit reduction demands. It strives for a way to reach that goal without taking responsibility. It represents budget balancing by anonymous consent."

Mathias said he shares the doubts that have been raised about the constitutionality of Gramm-Rudman. The new process invests three sets of appointed civil servants—in the Office of Management and Budget, the Congressional Budget Office and the General Accounting Office—with authority to require one elected official, the president, to impound funds lawfully appropriated by another set of elected officials in Congress. If that is what the Founders intended, it is a puzzle why we even bother with elections.

But beyond that, he said, "the measure before us raises another, equally troubling danger, the danger of abdication of constitutional responsibility. The proposal strives for a system that makes both legislators and the executive impotent spectators of the budget process. But it will fail and it deserves to fail."

Mathias is right, and when the failure and the fraud of Gramm-Rudman becomes evident next year, I hope the voters will deal with those who concocted and supported it.

Now, you do not have to agree with what David Broder says or, if you agree with it in substance, you do not have to agree with each and every point he makes. But what is significant to me is that someone of that statute, who is not running for office, not concerned about the political implications of this, would take a look at this, study it in a serious way, and yield that kind of a verdict as to what he thinks it is all about.

He is not alone. Most of the serious economists in this country, virtually all of them, I might say—and I could cite the names, some have been mentioned; Dr. Modigliani and many others—have taken the same tack. So has James Kilpatrick, so has the U.S.A. Today, so has the U.S. News & World Report, which calls it a fiscal "Frankenstein," and I could go on citing other instances of outside professional observers who have no political or partisan ax to grind who made the same assessment.

Now, why have they done so? Why is there this overwhelming body of opinion by professional observers outside who think this is a flawed approach and yet there is so much enthusiasm for it inside? Well, I think it basically boils down to the politics of the situation. I think the politics, at the moment, which makes anything that sounds like we have a quick answer for the deficit problem, has great attractiveness, especially if we do not have to do any serious deficit cutting now.

Frankly, Gramm-Rudman says we do not have to do anything now. If we pass Gramm-Rudman, we get to leave for Christmas. There are no hard decisions today, tomorrow, the next day, next week, or even next month. No, we are postponing the whole issue.

As a matter of fact, we had a debate in here the last time we had this issue up as to what the first-year target should be for fiscal 1986. Do you know what the first-year target is? Do you know what our guaranteed defict is going to be for fiscal year 1986 under Gramm-Rudman? Well, no one knows because there is no guaranteed target. No one can tell you what the deficit may turn out to be.

It was a marvelous piece of sleight of hand, what was done in the conference on this, because the conference sets out a goal of $171.9 billion as the fiscal 1986 deficit target; roughly $172 billion. But then there is another provision that has been crafted that sets aside any requirement that we actually meet the $172 billion. Frankly, I doubt that there are probably five people today in Washington, whether in Congress or out or in the press corps, who know that, because it is designed so skillfully that you are not supposed to know it. And so, most people do not know it. Hopefully, those that are within the sound of my voice now do know it.

But the way the second provision works, is that if the deficit balloons up to a higher figure for fiscal year 1986, $200 billion, $210 billion, whatever the number—I have been in debates with the Senator from Texas [Mr. GRAMM] where he has now said that he thinks the deficit is going to range well above $200 billion for fiscal year 1986. We

have locked ourselves in in the second provision where the maximum amount of deficit reduction that can be implemented under the sequestering process is $11.7 billion. Well, if you are taking $11.7 billion off the deficit but you do not know what the deficit is that you are reducing, you have no way of knowing what the ultimate deficit figure is supposed to be. But it is not going to $172 billion.

You might ask yourself: Why did they put the $172 billion figure in the front window, if we do not know and there is no guarantee that that is what the deficit will be for the coming fiscal year? The answer is, it is in the front window designed to mislead everybody. It is there for a very deliberate reason. It is to create a false impression. In fact, it has created, generally, I believe, a false impression that, in fact, we have locked in on that and, come hell or high water, in 1986, when we wind up the fiscal year, we will have committed ourselves, under Gramm-Rudman, to reaching a budget deficit figure of no higher than $172 billion.

But that is not so. It may be $180 billion, it may be $185 billion, and it may be $190 billion. No one knows what it is going to be.

There are no guarantees in here as to what it is going to be. Why is that? Why would it be important to create a misleading presentation about what the 1986 fiscal year target was? Do you suppose it has anything to do with the 1986 elections? Do you suppose it has to do with making sure that this thing does not bite in now in any deep, serious way before the elections of next year? I think so. I think that is precisely why it is there. It is the same finesse in a different form that we have seen two or three other times.

We went after it before, got it out into the light of day, and the people on the other side of this issue got very upset about it. As a result they became more skillful about it in terms of crafting this kind of a new escape hatch. The escape hatch is in there. But the purpose I think is really to mislead people. The purpose is to postpone the deficit reduction effort.

The Senator from Ohio earlier made a very important point to the Senator from New Mexico about American competitiveness and about our standing in the world economy. We are in very tough shape. We are going to have a trade deficit this year in the range of $150 billion. We are hemorrhaging money out of the country and jobs. We have just become a debtor nation for the first time since 1914. We are going to be the leading debtor nation in another 9 months. By 1990 the New York Fed is estimating we are going to owe the rest of the world on balance somewhere between $500 billion and $1 trillion just off of this trade deficit that is out of control.

(At this point, Mr. PRESSLER assumed the Chair.)

Are Federal deficits important? Yes, they are. It is urgent that we reduce them now. They relate to this problem. You have to take these issues together. Our principal consideration I think in this country today should be to restore our competitiveness. That ought to be what drives the debate on tax reform. It ought to be what drives research and development, what we are doing in education, what we are doing in infrastructure, what we are doing with Federal spending, priorities in the budget, size of the deficit, savings incentives, and driving down capital costs in this country.

Everything ought to be directed toward the issue of making this country more competitive. We are not even having that debate in a serious way in the Congress, I am sad to say, because we are off chasing other different kinds of issues.

But the consideration of how any kind of a serious deficit reduction effort is going to work has to be considered and engineered in the context of what is going to make this country more competitive quickly, what is going to close this trade deficit, what is going to create more jobs—and I mean good jobs. I do not mean jobs sweeping up around computer equipment built in Japan or just flipping hamburgers or things of that kind. I am talking about jobs where there are high value-added aspects to what that work involves.

That is what we ought to be considering in terms of framing some kind of a strategy here. We are not doing it. As a matter of fact, we are postponing consideration of all of those questions essentially until we finesse this problem past the 1986 congressional election.

That is obviously what the intent is. I do not say that is the intent of everybody that supports this proposition. But I say it is my belief that is clearly the intent of the principal engineers who have engineered these sort of side-door mechanisms to keep this deficit reduction from happening now.

What is my point? My point is this: We do not need the Gramm-Rudman mechanism to start a serious deficit reduction effort. We can start it this afternoon. I do not know what is on the President's calendar this afternoon. I assume he is involved in some sort of matter or other. But the fact of the matter is if he wanted to convene a meeting today of the leaders of the House and Senate, both parties responsible for running the two institutions and for budget matters, to sit down and work out a budget compromise that would substantially reduce budget deficits, reduce them right now, I would say he could work out an agreement in that group within a week's time.

We could have that understanding worked out before Christmas. As a matter of fact, I think it would be easy enough to do if there were an intent to do it, a desire to do it, and a serious effort to do it—that we not only could achieve that kind of a deficit reduction package, but we could have it brought back here, and I think we could have it passed in the House and Senate before Christmas, if we were serious about it.

But, frankly, he is not serious about it. I do not think the people that have led this effort with respect to bringing it forward in this form are serious about it either.

I think that requires also just a reflection on the history of how we got to this point; that is, in 1981 when we passed what was called the Gramm-Latta approach. The Gramm-Latta approach promised this country in the same way that these numbers—which I claim are not honest numbers presented in this document today—promised this country a balanced budget by 1984.

As a matter of fact, we were not only going to have a balanced budget by 1984 under Gramm-Latta passed in 1981, but we were going to have a budget surplus. It did not work out that way.

We got to 1984. We not only did not have a balanced budget, but we were underwater, and we had driven up the national debt to the tune of one-half trillion dollars. That is how far off Gramm-Latta was. Mr. GRAMM does not like to talk about that, nor does Mr. LATTA. I understand why they do not like to talk about it. But that is what the record shows. Gramm-Latta has doubled our national debt in 5 years—and has given us record high Federal budget deficits.

Now we have the same architects at work coming back saying look, we have a problem, new problem, big deficits, and we have to solve them. Here is our plan for doing so. Unfortunately we cannot make any real cuts right now. We cannot do it now, and we will do a little bit next year. But we are not going to guarantee what the deficit figure is going to be for next year and, by the way, we will eventually balance the budget but we will not balance it until 6 years from now.

We are going to take it out into the next decade. We are going to have a balanced budget in 1991, 3 years after President Reagan leaves office. We are going to have a balanced budget, maybe.

But we are not going to have a balanced budget at that time in the view of this Senator under this procedure any more than we had a balanced budget in 1984 under the first version which was called Gramm-Latta. We did not get the balanced budget then, and we are not going to get it now. We

could be doing some serious things about balancing the budget right today. But we are not doing them.

The question is, Why are we not? Why are we substituting this elaborate sort of Rube Goldberg procedure that is going to stretch out over 6 years with this automatic formula and is going to somehow magically make happen what we need to make happen and what we could do now but will not do now?

Yes. It is a substitute for guts. I quote other people who have said that. I think it was the Senator from New Hampshire, the Senator who is a leading sponsor of the legislation, who said that himself in the beginning. But what kind of an answer is that? What kind of proposal is that? Why should we be substituting something for guts? Why should we not be taking the actions now on a collaborative basis with the President? He says he wants to balance the budget. Why can't we have a meeting about it? Why can't we sit down and get started on it? Because it is political posturing.

Mr. KERRY. Will the Senator yield?

Mr. RIEGLE. I will yield when I am finished to anyone who asks me to yield. I am going to finish my remarks first.

We are not going to see that kind of meeting take place because there is absolutely no desire for that meeting. There is no desire, frankly, to bite into this problem in a serious way until the 1986 elections are over. This is what all the tiptoeing is about. That is why this mechanism is 100—what is it, 167 pages? Let me count—158 pages. This document is 158 pages because it is so intricate and so elaborate because it is basically the way in which a body that does not want to make decisions now has to craft a mechanism in order to sort of sneak around the problem and put it off into the future, which is what we have been doing not just since Ronald Reagan came to town—it has been much worse since he came to town—but even before he came to town.

So we are in the habit of postponing actions on these things and saying, you know, we want to do these things, we want to balance the budget, but we want to do it some time out in the future. We cannot do it now. We cannot get at it now.

I think the single biggest flaw and danger in this proposal today is the recession trigger. I have raised the point before. It has not been changed and improved. The biggest danger lies in an automatic process of this kind where the economy can start to go into a nosedive—an economic downturn. We have never yet successfully predicted these recessions ahead of time, which is what Gramm-Rudman would require us to do. It would require us to have the foresight to predict a recession ahead of time. We never manage to do that.

What will happen here is there is a very high risk that at some point when the business cycle reverses, we go into a decline, we have not seen it coming, we are in the midst of that decline, and the automatic cuts kick into place and drive the economy down at a much faster rate.

I am frank to say the States that still have high residual unemployment—and my State is one, we are now about 9 percent, but we have been over 10 percent for virtually all of the past 65 months. Only 3 months out of the last 65 have we been below 10 percent in unemployment. That is where we start from in Michigan.

So if we find ourselves going into a recession at some point, the recession is accelerated because of the way Gramm-Rudman cuts in on this thing, and drives the economy down at a faster rate. States that are starting at 9 or 10 percent unemployment level may very quickly find themselves at 15, or 20, or 25 percent unemployment.

I do not just make that argument in behalf of my own State. Surely, I do on behalf of my own State, because we have had to take a lot of the hard medicine in terms of what is happening in the economy. But if we see a serious recession develop and if we have any kind of a mechanism that might threaten turning that into something more serious, that is something that I think there is an obligation for us to recognize. I think other States with high residual unemployment also ought to take a look at that recession trigger. I think that is absolutely one of the most dangerous aspects of this proposition.

There is another point made with respect to the fact of, well, if we want to get out of this procedure at some point we can just get out of it.

It is not that simple. Once we change the law and put ourselves in this kind of fiscal straitjacket, if we want to change it at some point in time, that means the House and the Senate and the President together, under the normal procedures, have to agree to that proposition. If the President were to disagree and not go along with that, there is no way we could change any part of this or repeal any part of it.

As a matter of fact, we can find ourselves beyond 1988 with a new President of either party who might want to repeal this and find that even that President could not repeal it if a handful of people here in the Senate, using the rules of the Senate, decided they wanted to prevent this procedure from being undone in any way. They could use the rules, the filibuster techniques and other techniques, to prevent us from even changing the law.

So it is putting us in a situation that we are not necessarily able to change this procedure if and when a substantial majority thinks that that would be required, or that it would make sense.

Why we do it in that fashion seems to me to create new dangers for ourselves. I think it does massive damage to the Constitution on the separation of powers. Others have spoken to that.

Why do we want to put the country into that kind of a jeopardy situation where if we need to change it we can't? What is the point of that, when we do not need it in the first place?

If we had the will, desire, and interest we could sit down today and work out a deficit reduction package.

It seems to me that is another important defect that has to be taken care of.

Here is another one that you may or may not know of. That is this: The Congress may well put together a budget and submit it to the President that meets the reduction target under Gramm-Rudman. But do you know what happens when we send that to the White House and the President does not like the package and vetoes the package even though we have sent down a budget as a whole that would meet the target? If he does not like it and he vetoes it, we do not necessarily have a recourse. He can veto that and set in motion the automatic cuts even though the Congress would have met its responsibility to get this job done ahead of time.

I do not think people know that. I do not think the people in the country know that. I do not think most of the people in the press corps or most of the Senators know that because that is buried in the detail of this document. It is buried in there for a reason. There is a reason why this bill is this long. It is basically to keep people from understanding it. That is why we did not have any hearings on it, not a day of hearing. The sponsors come from the other side of the aisle and control the committee process, they could have had any number of hours of hearings.

Why did they not want the hearings? My view is they did not want them for the same reason for the very clever quip that the majority leader, noted for quips, said one day: "If this thing hangs around here and people take the time to read it, know too much about it, it may not pass."

People got a good laugh. It is one of those pungent insights that he makes.

That is why they did not want the hearings. They did not want expert witnesses coming in and revealing what they thought about this thing and the danger it poses. They wanted to be able to do it under the deadline of the debt limit. They wanted to be able to do it late at night. They wanted to work out the last arrangement at 1:30 in the morning last night. Everybody is tired. It is the end of the

year. People wear out. There is too much detail to keep track of. Finally, the whole thing gets shoved through. This is not the first time we have seen this tactic.

The last time this happened on this scale oddly enough was 1981 with Gramm-Latta. We see what Gramm-Latta brought us and I am concerned that we will see some of the same effects coming out of Gramm-Rudman over a period of time.

This is going to pass. There is no question about it. The votes are here. Everybody wants to be for balancing the budget. No one more so than I. I want to be able to balance the budget. I think we ought to have across-the-board cuts, with Social Security, being a trust fund, kept aside. Gramm-Rudman says that as well as the President. That is really not a point of dispute anymore. I think in terms of everything else we ought to have across-the-board cuts. We ought to make significant cuts now. We ought to bind ourselves to the $172 billion target for 1986. I am willing to do that. But, frankly, those who make the most noise about balancing the budget are not willing to do that. Gramm-Rudman does not do that.

We could do it if we had the desire to do it. So we are sidestepping that. It is troubling in the extreme.

I will just finish with this thought: I think the American people have to be on guard as to what is likely to follow in the next 12 months, in the next 24 months, in the next 35 months, in the next 48 months. If financial markets and citizens across the country think that suddenly the deficit problems are going to vanish and we are going to have the miracle cure that has been promised here, I think they are in for a shock and a surprise.

My prediction would be that we are going to find ourselves in an incredible set of snarls as we get into the coming year, that the same contradictions in policy that have produced the big deficits will not magically melt away simply because this procedure has been substituted in place of the normal procedure.

I think people will find that there is a lot of possibility for disillusionment.

As we get down the road and balanced budgets fail to materialize, we do not hit the fiscal year 1986 $172 billion target, though that is put out in the front window the way this thing is advertised for 1986, if we do not reach that, there will be a lot of grousing, a lot of griping. People in the financial markets will say, "Congress let us down again."

People ought to be warned right now that a large part of this document is designed for that very purpose, in my view. It is designed to create the impression that we are going to produce a solution because we resolved all the hard issues when none of the hard issues have been resolved, not a single one, zero.

So I think we are in for a rocky road ahead. When the time comes, when the disillusionment sets in, I do not think people ought to be too surprised about the fact that this probably carries with it just as many structural flaws and disabilities as did the Gramm-Latta proposition of 1981.

When the time comes to change it, I would hope that we would set about to make the changes and to make them in as rapid a way as we can and not just stay locked into a concept that may pass with a lot of votes but may not be giving us the results we need.

What I think we need is a deficit reduction package right now which we can work out in the next week, 2 weeks, or next month, which will bring the deficits down by tens of billions of dollars. I think the votes are here to do it. But apparently we are not going to take the action we need to take. We are going to postpone the problem. We are going to try to slip past the 1986 elections. We are going to put the balanced budget off until 1991, 3 years into the next Presidency, and then pat ourselves on the back and say we have done a terrific job.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. DENTON. Mr. President, I want to begin by complimenting the Senators from Texas, New Hampshire, and South Carolina, who have worked so hard and so well intendedly on a bill that requires us to spend more responsibly, and perhaps induce discipline in spending, without the political consequences that might accrue under the present conditions. In other words, that we might be able to have less temptations against cutting spending.

I think this measure would tend to do that. My concern—which I shall express—is not just toward this measure. I think there is a danger to our common defense, which we cannot ignore and let proceed with the bill as it is. There is also with the mood in both Houses, which forced the originators of the bill to make the concessions that place defense spending in a less protected or less esteemed position than certain social and welfare spending programs. I think that mood will be causing our Founding Fathers to spin in their graves, and I think that if we give this further consideration, we might be able to improve, to some degree, the climate and, possibly, to some degree, the measure.

Last night, after having heard that the President had just approved this measure—and I am not saying that he did not—I approached him personally at the Christmas party. After I greeted his wife and him, he turned aside to me, and I said,

> Mr. President, I intend to go to the floor tomorrow and oppose the Gramm-Rudman bill on the grounds that I am concerned about its effect on the national defense.

His face seemed to brighten considerably, and he said,

> Jerry, go out on the floor and fight for my prerogative to continue the defense buildup to the point where it suitably matches the requirements for our security.

I think that many who voted for this bill, as I did when it first came through, share that concern. I have changed the way I am going to vote and the way I am going to talk. Some of the others have not. They have explained to me that I am not going to get anywhere because, quoting them,

> I have grown cynical. There is an anti-defense, anti-military feeling now, and I am too tired to fight it any further. The bill might be a lesser evil than giving in to that anti-defense feeling.

I respect that point of view, but I ask them to reconsider it in the light of what I shall be saying.

Our most distinguished colleague from New York [Mr. MOYNIHAN], whose principal distinction in terms of credentials for his opinions on this subject—namely, having served as Ambassador to the United Nations and for many years on the Select Committee on Intelligence—referred to the coming passage of the Gramm-Rudman-Hollings bill on October 7 with ringing words—ringing as he says it, in a death knell for freedom. I quote him.

> . . . we are putting in place a measure which in the long run will bring draconian automatic reductions in the defense and foreign policies of the United States.

He goes to say:

> . . . we are putting in place the decline of the United States.

On the next day, October 8, he said to the Senate:

> You will find yourself retreating from the world. You are going to find yourself being driven from places in the world by self-inflicted weakness which will originate in this Chamber in the next few days.

This Senator reluctantly but firmly agrees with that prognosis, without reflection on the originators of the bill or on the majority leader, who had a little spat will the Senator from New York. The majority leader is normally and always a decent, good humored, as well as extremely able, man and I do not want to take part in that kind of exchange.

The measure passed the Senate by 75 to 24, with this Senator from Alabama being persuaded by the majority leader, the Senator from Texas [Mr. GRAMM], the author of the bill, and the distinguished chairman of the Armed Services Committee [Mr. GOLDWATER], to keep his powder dry until a probably improved bill came from conference. I now bitterly regret my vote on that day because, as many feared,

what has come from conference is a legislative ticket to a sleigh ride to an avalanche, a historical avalanche, the fall of the United States, the eclipse of the light of freedom in the 21st century AD.

I may be wrong, and I hope I am, about the effect of this measure if it becomes and remains law, but I am not wrong that its drafters were forced by the present climate to place defense spending in a less protected position than the social and welfare spending to which I referred. That is a disaster. I am not wrong in that, and I shall be addressing that political state of mind and make some contribution, I hope, toward changing the climate today.

First, I firmly believe that the Secretary of State, the Secretary of Defense, and the then National Security Adviser to the President, Robert C. McFarlane, were correct to oppose the measure on national security grounds. Mr. McFarlane has since resigned, but it is my belief that his replacement, Admiral John Poindexter, persists in his own disagreement with the defense effects likely from this measure. So we have opposition from those officials in whose hands, with the President, the initiatives and the best opinions regarding the security of the United States should reside. According to the Constitution, a certain prerogative belongs there, a prerogative that I believe we are about to usurp.

The former Ambassador to the United Nation, as I indicated, the senior Senator from New York [Mr. MOYNIHAN], opposes the measure with a prospective gained in his career there and in international affairs. My own career in international affairs of my own—34 years in the service of the United States—is the reason that I oppose it; not for partisan reasons or for reasons of ego, only for intellectual reasons which are, indeed, intense.

Secretary Weinberger has referred to the devastation of defense programs. I would like to offer a way to eliminate that risk at the end of my speech, and I hope that I meet with success.

To the many Members of this body who consider the bill an overall good bill, this Senator would refer them to the Wall Street Journal, not unknown for its concern about fiscal responsibility and the need for a balanced budget. The Wall Street Journal said against the bill, "Gramm-Rudman focuses on the wrong issue, the Federal deficit, instead of on spending."

It goes on and says, "Most seriously, it threatens to gut U.S. defense efforts."

I think that Senator MOYNIHAN was correct when he asked,

> What can the Soviets have been thinking these past several weeks as they approached the summit, watching our budget debate unfold? Can they have been impressed by the resolve of the American President and the United States Congress to maintain a credible and effective military rearmament we have now long been embarked upon? Can they have thought that the tide of history was turning our way or theirs when they watched the Congress voting, by huge majorities—75 to 24 in the Senate on October 9; 74 to 24 on November 6—effectively to cut $4.8 billion out of the current fiscal year's defense budget?

Already, as the mood of Congress has become clear, the Soviets have stepped up their offensive in Afghanistan, their offensive in Angola, and their support for an offensive in Central America.

Khrushchev said, "We will bury you." Brezhnev more recently said, in 1973, "Our aim is to gain control of the two great treasure houses on which the West depends—the energy treasure house of the Persian Gulf and the mineral treasure house of central and southern Africa."

The Soviets continue to make progress in both of those geographical areas, in both of those security areas, in both of those economically poor areas, indeed economically vital areas to the United States, stepping up their efforts as they see us step ours down. And, Mr. President, this is only the beginning. Failing to perceive the tremendous economic effects of weak, irresolute U.S. strategy, and now choosing in the name of economics to weaken that strategy further, is to reach the true heights of political folly, the kind reached by Rome in the folly responsible for its fall, in the folly responsible for the literal fall of nations strewn across the face of history. But the polls in Rome favored bread and circuses over supporting the Roman legions long before the Roman Senate, which knew better, yielded to the suasion of those polls.

Yes, we should balance the budget, but not on the back of national defense. All the polls in Rome after the fall of Rome would have agreed with that statement, retrospectively but too late. We are not here only to read polls. We are here to serve as the Constitution requires. And the Constitution requires that we provide for the common defense first, that we promote the general welfare second.

There has been precious little said or thought in either body about the thing that is the number one reason for this or any government's existence, the defense and security of the country and of her vital interests.

Not only does the legislation appear to contain inadequate provisions to provide for security, but our debate has evidenced little concern about that matter. We cannot provide for the security of our country if we deal with social welfare and entitlement programs, and then try to take care of the common defense from what is left over.

Because of a fundamental misunderstanding of the situation, we are about to abandon our effort toward catching up with an adversary whose buildup of military strength during the past 2 decades has been unparalleled in the history of the world. We should want to catch up not because we are playing some sort of numbers game but because of the imbalance that was created during the decade of the seventies in every category of armed forces and defense preparedness.

In fairness to President Carter, he tried near the end of his term to reverse the defense decline. He also tried other proper moves.

For example, when Angola—little Angola, to whose freedom fighters we refused aid yesterday—was invaded by Cuban troops from Russian ships. As those troops were being transported to Angola, President Carter said to Mr. Brezhnev, "Mr. Brezhnev, if you continue with that invasion, I shall do something to try to make it unpleasant for you and cause you to desist," words to that effect. That night the media and this Congress told Jimmy what to do with that concept. "What are you trying to do, Jimmy, start another Vietnam?" And 3 weeks later, after putting President Carter down, the media were publishing in the news magazine on page 36 his wail: "People, please don't have your President speak with an empty voice."

Mr. President, the imbalance is not principally in military forces. The worst imbalances are in understanding, in realism, in resolve. I do not believe that enough of us understand that those imbalances have been hurting us tremendously in terms of damage to our country's interests. Particularly we do not understand the degree to which those imbalances have hurt us economically and the degree to which those imbalances threaten not only the degree and quality of our security, but indeed our very survival. Complacency cannot last very long in the current international situation and still entail the survival of our way of life.

One of the authors of this bill, the Senator from New Hampshire [Mr. RUDMAN], whom I respect, decries defense spending, condemning the wasteful and profligate spending from the Pentagon, asking how dare the spokesmen for the DOD say that the threat, not the deficit, should determine the fashioning of the defense expenditures. I dare, Mr. President, to say the same thing. It is the way it should be. We should decide how much is required to survive, then spend on desirable other issues. The Senator from New Hampshire did not try to hide his expectation, and even hope, that there will be defense cuts. With him—and I respect his view—it is OK to protect social and welfare spending more than protecting spending to provide for the national defense.

I believe that is an inversion of our constitutional responsibility, an inversion of the way we are supposed to be governing this country. We are not talking about addressing the imbalance in spending by sharing the burden 50-50, or something along that order, between defense spending and other spending, but really defense will take more than one-half of that burden.

Let me remind my colleagues of some facts to illustrate how far we have strayed from providing security for the United States, from reality, during the past several decades. In 1960, when John F. Kennedy was elected President of the United States, expenditures on national defense amounted to about half of the Federal budget. Expenditures on social and welfare programs were about one-fourth of the budget.

Today, in 1985, that relationship has been reversed. Expenditures on the national defense amount to only one-fourth of the Federal budget, and social welfare expenditures amount to about one-half of the budget. In other words, a total reversal, in only 25 years, of the mandating verbs in the Constitution, "provide" and "promote," and of the commitments. We are spending now proportionately twice for social welfare what we are spending on defense.

I cannot believe that there is anyone in this body—I am pretty sure there is no one in my State—or any informed person anywhere who would argue that the threats that we now face, threats to ourselves, to our lives, and to free and independent countries throughout the world, are less extensive or less serious than they were in 1960.

Indeed, I believe that most of us would agree that the threats now are more serious, more numerous, and more widespread throughout the world than they were then. Why then the reversal?

Let me offer my colleagues a typical frame of reference regarding the military imbalance one that is particularly appropriate today. It illustrates Soviet and United States capabilities to project naval forces. It illustrates the course of change in United States concern and capability to preserve for its use the sea lanes vital to our use—not desirable but vital to our use, to life or death. The example will require some attention.

I am going to use a term called "ship days out of area" as a measure. "Ship days out of area" means the number of days that ships are deployed out of their home waters, the days that they spend projecting naval power.

For our purposes here, let us understand that one ship serving outside her home waters for 1 day is 1 ship day. For example, three ships out of home waters for 2 days would be 6 ship days.

I ask my colleagues to listen to this development: In 1965, the United States had 17 times more ship days throughout the world than did the Soviet Union. The score was 109,500 for the United States to 6,300 for the Soviet Union. By 1972 the Soviet Union, virtually landlocked and independent, on its own, had actually more ship days than the United States did. By 1979 the Soviet Union—never a sea power, not needing to be a sea power—actually had more ship days out of area than the United States did.

The Red Star is now carried by a real, blue-water navy which threatens our lifelines and vital interests. The trend is understatedly sobering, even frightening, for the United States, a maritime nation reliant for its continued existence on freedom of the seas for trade, commerce, and security.

Yes, we have made some progress since the late 1970's. We have been building toward a ready 600-ship Navy, and we had a thousand more ship-days in 1983 than did the Soviet navy, practically a tie. But the Soviets need sea power only to interdict ours. It takes much more sea power to control sea links with allies and trading partners than it takes to interdict sea power, to stop us from our vital activity.

It is clear as the Secretary of the Navy has stated, that we will not be able to sustain a ready 600-ship Navy if we are faced with drastic reductions in our defense budget. Yet, the legislation before us would apparently have precisely that effect. Nor will we be able to sustain the other vital components of our national defense, whether strategic forces, or conventional forces, or readiness, or operations and maintenance. And there is a true military imbalance still favoring the Soviet Union.

If I were Comrade Gorbachev—and I do know how Communists think, because I lived among them for almost 8 years—I would be very pleased at the course of events in the Congress of the United States. I do not mean to insult anyone by that, but that is my firm opinion. I believe they are delighted. As I said, I believe that the step-ups in their activities are only a beginning of their response to what they read in the papers, the Wall Street Journal, in the debates which are taking place in Congress, as to what will develop as a result of passing this bill, and the continuation of the mood that is the true evil.

Perhaps, if we are going to follow the course provided in the amendment, we should seek the cooperation of Mr. Gorbachev. We know he is thought of by some to be a man of public popularity, perhaps even charisma. He is thought of by some to be a man of peace, or at least a man who will deal. Perhaps he will deal. But he will deal on the same basis as Stalin, who, when asked about his policies toward the Catholic Church, said: "How many divisions does the Pope have?"

Perhaps, since we are going to reduce spending on national defense in our effort to balance the Federal budget, we should ask Mr. Gorbachev to cooperate with us. Perhaps, out of altruism, out of the goodness of his heart, he would agree to reduce his own spending on strategic programs, and abandon the testing and development of his SS-24 and SS-25 missiles. Perhaps he would be willing to decrease the number of SS-20 missiles deployed in positions where they threaten our allies and our own forces, in Europe and Asia.

Perhaps Mr. Gorbachev would be willing to reduce his own spending on defense against ballistic missiles.

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

Mr. DENTON. I yield, if the Senator will assure me it is a brief question, and without losing my right to the floor.

Mr. KERRY. I was curious about a point the Senator made earlier regarding last night in the White House, with respect to the President of the United States. I wanted to make sure that I understood correctly. I ask whether or not the Senator believes that the President, who does not support the bill, has reason to fear it and should in fact be protecting his own prerogative.

Mr. DENTON. I cannot read the President's mind. I can only report what he said to me last night.

I believe that the President is an extremely troubled man on this matter, and that he may or may not yield to what he sees as the political facts. You cannot wrestle with the facts. I am trying to persuade those who are contributors that factual situation.

Mr. KERRY. I respect enormously where the Senator is coming from. I respect the Senator's experience.

If, as the Senator says, the President is in agreement with him and sees this threat and believes that it needs defending, this Senator wonders why the President of the United States is not concurring in that and defending it himself.

Mr. DENTON. I do not know that the President will not decide to veto this bill.

Mr. KERRY. I thank the Senator for answering my question.

Mr. DENTON. Perhaps Mr. Gorbachev would be willing to reduce his own spending on defense against ballistic missiles. Perhaps he would see the benefits in cutting back his massive expenditures on conventional forces.

After all, the Soviet people do not enjoy the standards of living of the

American people. Indeed, it is a low standard, with rule by terrorism. It is more difficult for Mr. Gorbachev to allocate to defense at the expense of discomfort to his people, but he does it, and the Soviets have done it since they came into power.

But we here want more, more, more spending on domestic programs. Yes, there is poverty, but we can deal with it better, and I will discuss that later. But we do need survival, or there will be nothing for any one.

The President talked about cultural exchanges between us and the Soviet Union. Perhaps we could go into a "legislative exchange" and assist Mr. Gorbachev in controlling his own budget by helping him to formulate the Gramm-Rudman-Hollings amendment, or the Soviet version of it, for the Kremlin.

If we could get the Politburo involved in a discussion of the provisions governing sequester, we might indeed have several years of relative peace and relaxation of tensions. Since we are going to substantially reduce our own defense, we could use those years.

We must learn to understand better.

Mr. President, there is an excellent study, prepared under the direction of Dr. Harlan K. Ullman at the Center for Strategic and International Studies at Georgetown University, dealing with our conventional forces and the impact upon them of reductions in defense spending. Because of its length, I shall not ask that it be included in the RECORD, but I do call it to the attention of my colleagues.

Mr. President, needless to say, the consequences of The Gramm-Rudman-Hollings amendment can only serve to make the situation even worse than that outlined in the excellent Georgetown report.

Mr. President, I understand that the stringencies requiring sequestration of expenditures would not arise unless Congress is unable to pass a budget that falls within the broad guidelines that the legislation provides.

I also understand that Congress simply will not be willing or able to do that. We have not been able to do so before. I do not see why we should expect that we will do it again or do it in the future. In consequence, the real meaning of Gramm-Rudman-Hollings seems to come down to the sequestration proceedings, which is as sad a comment upon the functioning of our legislative system as I could conceive of, but I respect the authors for the motivation to that resort.

In sum, I believe that we are looking right in the eye of a situation in which defense inevitably will have to suffer, because Congress has refused to act to cut other spending, more politically popular spending.

There is no voting constituency for defense. There is a voting constituency, a very voluble and lobbying one, for many other categories of spending. Those nasty guys over in the Pentagon are public servants, about whose retirement pay we are going now to say that they will not get the COLA's that they spent their lives thinking they were going to get. They might have been making a lot more money somewhere else than in the service, and taking a good many fewer risks.

Considering that Congress will no doubt continue to refuse to act, it will have excepted so many other programs from the stringencies for which the bill provides that defense and our national security will suffer badly.

In other words, Congress is looking the situation in the eye and has chosen to blink.

The key problem today is that not enough officials in our Government, especially in Congress, and not enough of our people understand the injury done and being done to this country's interest by communism. We do not understand global communism, its nature, strategy, tactics, modus operandi. We fail in foreign policy by not sufficiently recognizing the relationship between success or failure of our foreign policy and the health of our domestic economy.

We fail to see that and we fail in strategic results and produce economic disadvantage at home. There is a tremendous need for understanding.

We fail in not realizing that there is a relationship between foreign policy, on the one hand, and the lack of sufficient armed forces, or the lack of understanding and will regarding their possible or actual use in peace or war, on the other.

Similarly, we do not understand the phenomenon of terrorism, either as it affects our own interests and citizens or as it has become a major factor in the political contest between freedom and tyranny.

It is the major moving force in international affairs today, and it is something that is practiced en bloc in Moscow and Nicaragua, practiced in Laos or Cambodia, and we do not even know that it is there. We do not understand what it means or how we have to deal with it. And we are going to decrease the funds with which we try to cope, such as we try.

Over half the terrorist movements in the world are considerably influenced or directed by the Soviet Union. Over 98 percent of terrorist activities are supported by the Soviet Union in terms of weaponry, safe houses, or whatever.

The bottom line is that, because of our lack of understanding, we have already suffered a loss of security-related interests as well as economic interests. A drastic deterioration is occurring in the degree of protection afforded our remaining vital national interests around the world as well as a continuing and prospectively worsening rate of adverse effects on our economy.

Congress has become so wrapped up in debates about specific details of foreign and defense policy that it has lost sight of the whats, the ways, and the hows of developing an effective national security policy in the first place. In our infatuation with felling trees, we have forgotten to consider the need to have the forest, to protect it, to preserve it. The forest in our interests, and our consciousness of the threats to them.

In my view, Congress has lost its recollection of its mandate in the separation of powers equation, its sense of what its function is in foreign policy, the need to reach understanding before taking action, and is, in that confusion, causing this Nation to suffer more than any other single cause.

The forest requires some recognition before further congressional interference in foreign policy causes further losses in export trade, in access to raw materials and other essential imports, in respect from our friends and enemies, not to mention the losses for our strategic security.

When we talked about Angola yesterday, and about whether or not to provide the freedom fighters aid, no one said anything about the fact that Angola is one of the most mineral-rich nations in the world.

Brezhnev said, "It is not just to aid people in a nice way, although that is worthy of us. It is a matter of self-interest."

The most needed change in our understanding is that we must see that our enemies are playing hardball, and that we are suffering from not playing the game.

Under such circumstances, our diplomacy can win and can protect our interests only if we have the power to back it up.

It has been a tragedy to a man who has traveled around the world most of his adult life to have to say this, but 100 years ago, debates within Congress, between Congress and the executive branch, indeed within the country as a whole, were solely internal matters of little concern to foreign states of greater power than our own. That is no longer the case today, when what happens in the Halls of Congress, in our internal deliberations, is instantly known to the entire world and when, indeed, it constitutes an essential part of the information that other nations consider when they make their own foreign policy decisions.

During the Vietnam war, it is hardly necessary to point out, there was an undoubted effort by the North Vietnamese and their allies to exploit a substantial segment of American opinion, extending even to divisions in

Congress, to their own advantage. To put it mildly, they were not entirely unsuccessful in that effort, with disastrous results in Southeast Asia. Since then, and until today, we see efforts by our enemies to feed and encourage movements in our country that are otherwise well-intentioned and sincere but that undermine U.S. understanding and security and serve Soviet goals.

Now, for example, success in the arms control negotiations in Geneva, even in the wake of the President's successful summit meeting, is threatened and perhaps doomed by the talk and action that is now occurring in Congress.

Today the struggle for El Salvador and the fight to retain freedom in Central America is being waged primarily in the Halls of Congress. Grave situations in the Middle East, Southeast Asia, and Southern Africa are similarly leveraged. Most of my colleagues apparently do not understand that, and unless things change, the struggle will be lost, as was Vietnam's struggle, in the Halls of a Congress whose Members yielded populistically and partisanly or ignorantly to breezes mostly blown by polls or by a frequently biased and often dead-wrong media.

No people fighting for freedom can persevere as they see the Soviets hang in to win in place after place, as the U.S. falls out of the game and abandons its allies in the clutch time after time.

Mr. President, we fought and won World War II because we were united behind a goal and because our debates about how to reach that goal were conducted properly. But we probably would not have had to fight that war had we listened to the words of Churchill, which are as applicable today as they were then. He said:

> Each man hopes if he feeds the crocodile enough, the crocodile will eat him last. And all of them hope that the storm will pass before their turn comes to be devoured. But I fear—

He said:

> I fear greatly this storm will not pass. It will roar ever more loudly. It will spread to the north, it will spread to the south.

Winston Churchill's words are true today as we watch the map turn red around the world, as we watch the hypocrisy or the ignorance or the populism of those who will not look the crocodile in the eye. Can they not see the spreading red? Can they not see it coming up in our hemisphere from the south?

We are failing again to listen to the true words of Churchill and the cost will be fantastic, not only to the United States but to the cause of freedom and civilization, if we do not deal properly with the crocodiles now while we can deal with them cheaply.

I am sure that the means by which we deal with the question can be peaceful as far as the United States is concerned if we but deal properly and promptly. I am just as certain that, if we do not deal promptly and properly, the means cannot be bloodless.

There is reason to believe that this measure if passed will cause much shedding of blood, much economic loss, and eventually the loss of freedom if it remains law without modification.

Following World War II, our leaders in the Senate were determined that our Nation should not again be victimized by the kinds of internal disagreement and dissension that characterized the prewar period.

Thus we did see great statesmen like Senator Vandenberg and Senator Connelly here in the Senate, determined that our foreign policy and defense policy should be bipartisan and that "politics should stop at the water's edge." For Vandenberg to do that was an act both of wisdom and dedication.

The spirit of bipartisanship and unity in dealing with vital matters in the United States, particularly foreign policy and Armed Forces matters, continued until we were sundered by the Vietnam war, and bipartisanship was espoused by Democrats as well as Republicans. I commend my colleagues in the House and in the Senate the example of the Senate during the Eisenhower Presidency, when Lyndon Johnson was the exemplar of bipartisanship in foreign policy—a Democrat for a Republican President, as Vandenberg had been a Republican for a Democratic President.

Consider what the world looked like during that time, those two decades when the United States conducted a unified, broadly supported, foreign policy that was truly in the Nation's interest.

By the end of World War II, the United States, undamaged and vigorous, was the world's dominant economic and military power. America was truly the arsenal of democracy, and that arsenal had the capability of being converted overnight into the most productive peacetime economy that the world has ever seen.

Our country was indeed the "bastion of democracy and the beacon of freedom."

The United States had a monopoly of nuclear weapons—and we did not use them—a monopoly that continued until Soviet acquisition of the bomb in 1949, and effectively thereafter for several more years. We did not use them, and yet the issue of the Iron Curtain was there. We did not even threaten their use. We used them only in World War II. And I believe a good and effective case can be made that their use then resulted in more humanitarian results then the lack of their use would have.

But we offered, in the days after World War II, in one of the most magnanimous and self-sacrificing gestures in history, to put the bomb under international control.

The United States took the lead in setting up the United Nations. That body was originally composed primarily of free and mostly democratic nations who were willing to cooperate together for mutual peace and security. The General Assembly voted overwhelmingly with us not because we forced them to, but because we were committed to the same ideals as they. Today, the General Assembly is composed of nations whose leaders do not represent the will of their people. And we have some responsibility in having permitted that to happen by virtue of policies, not just military policies, but other policies we have entertained or failed to undertake.

The United States also took the lead in organizing the postwar international economic, monetary, and trading system. We were the moving force behind Bretton Woods and GATT, and the dollar became the "hard currency" that underwrote the international monetary and trading system.

And the United States was willing to share its considerable wealth and productivity. We can still be proud of the Marshall plan and what it represented. It was perhaps the single major contributor to the economic revival of Western Europe. We even offered to extend the Marshall plan to the Soviet Union and the nations of Eastern Europe, an offer that the Soviet Union refused.

We also confronted and responded to security challenges during the same period. Although the slide of Eastern Europe under the Communist yoke and the communization of China took place before we listened to Churchill's "Iron Curtain" speech, at Fulton, MO we finally learned and we acted. We acted together. President Truman and the Congress reacted strongly to Soviet efforts to extend communism to Greece and Turkey. The Truman Doctrine was a triumph for the executive and the legislative branches working together, a triumph as well for bipartisanship.

And today, recently, I have felt that bipartisanship growing in this body. I am not here to speak to irritate anyone today. I mean that. I believe that bipartisanship on urgent issues is growing in this body.

In 1949, the United States led the way in the formation of NATO, perhaps the most unselfish alliance ever created, and successfully stood up to the Soviet Union's threat to freedom in Berlin.

The following year, the United States was joined by many other free nations, and had the support of the United Nations General Assembly, in

opposing Communist aggression in Korea. Although the results of that war were mixed because of an American, after Chinese Communist intervention, decision to limit its objective to the preservation of South Korea, the war was a testimonial to the strength of unified policy.

One result of the successful resistance to aggression in Korea was, after the death of Stalin, the beginning of the process that established summit meetings as a fact of international life. Those meetings came about because of the evident determination of the United States, under President Eisenhower, to resist further Communist aggression and expansionism.

Realistic limitations on power exist, and they were shown in the Hungarian revolution and the Suez crisis in 1956. But we did help to resolve the very difficult situation regarding the Suez Canal.

We began to get a little cloudy, and Cuba fell to Fidel Castro and his unruly mob in 1959. That led to the unhappy episode of the Bay of Pigs. Then John F. Kennedy, a united Congress, a loyal media, and a united people, stood up to the ultimate risk in the Cuban missile crisis, and the stage was set for the major United States victory in October 1962. The Soviet Union learned a lesson then, and I am afraid that we may have slowly started to forget one.

After 1963, the United States found itself increasingly involved in Vietnam and, by that involvement, increasingly sundered domestically. We should have gone in there with the objective of breaking the enemy's will as quickly and as inexpensively, in terms of life and treasure, as possible. We did not. We went in there and twisted their arms. We had tremendous political interference with the military in that war. One major casualty of that conflict was bipartisanship in the formation of policy. Another was an aggravated conflict between the legislative and executive branch, a conflict that is still with us. And I grant that the executive branch overextended itself in terms of prerogatives in the early days of that war.

Thus even our successes, such as the intervention in the Dominican Republic in 1967, were no longer taken with bipartisan support and executive-legislative cooperation. Rather, the conduct of foreign policy had become a controversial domestic issue. The epitome of that was in Vietnam, where our military forces won a military victory that was forfeited by political irresolution and controversy.

From that time, the balance of successes and failures sifted from the very favorable one that I outlined during the first 20 years after the war to the unfavorable one that has prevailed for most of the next 20. On the negative side are Vietnam, Laos, Cambodia; the squelched Czechoslovak revolt; the first aggression by a major power since World War II in Afghanistan; Angola, Ethiopia, and Nicaragua; the OPEC cartel's unjustified increase in the price of oil; and a host of others. On the positive side are but a few instances, the Dominican Republic, Grenada, perhaps the continued survival of Israel in the face of two major wars.

Less obvious consequences are apparent in the economic and political areas. In 1945, as I pointed out, the United States was economically dominant, but unselfishly so. Today, we find ourselves economically disadvantaged in many ways. Just consider the trade imbalances, and our inability to do anything about them, with nations like Japan that are our allies. Just consider the limitations on our access to raw materials in various areas of the world. Just consider the consequences of the increase in the price of oil, about which I shall say more in a few minutes.

Just consider our difficult relationships with our allies in Europe and in Asia.

Just consider the obvious increased boldness of the Soviet Union, which has gone beyond aggression through surrogates to open aggression by its own forces in Afghanistan.

The losses that I have described are not, in my view, attributable to weaknesses of the American system or of the American people. They were not inevitable in the nature of things. Their cause can, I maintain, be found primarily in the failure of the Members of the Congress of the United States to recognize the nature and extent of the challenges that we face, their failure to place the national interest above those of politics and parochialism, and to deal realistically and effectively with those issues, those challenges.

Each loss of a struggle costs us in many ways. When we are seen to fail in any of them, we lose credibility in prospective future struggles, some of which were not even prospective until the last failure made them do.

Would we have needed to fight in Vietnam if we had won decisively in Korea? Would the Soviet Union now be conducting military aggression in Afghanistan had we persevered in Vietnam? For that matter, would we have encountered serious problems in our relations with the OPEC nations, and the vastly increased price of oil, had we kept our commitments in Southeast Asia? I will address that, and include something in the RECORD on that subject.

I want to address it because every international relations expert I have asked on both sides of the political fence has answered "no" to the following question: Would the OPEC nations have tripled the price of oil in 1 day, and would Saudi Arabia have tripled the price in 1 day in 1963 as it did in 1973? They all say "no." Why not? Because those nations did not think they could get away with it.

Did they need that much of a sudden increase? No, they did not.

I helped to pass the AWACS bill here in the Senate. I am not against the Saudis. Had I been a Saudi, I would have tripled the price of oil in 1 day too, because I thought that I could get away with it. Did they need to? No.

I watched 72 ships rotting off the port of Jidda due to the inability of the Saudis to transport to shores the goods they had greedily bought with their profits. I have watched the smaller societies of some of those smaller nations deteriorate socially because they had more money than they could use. They did not need to do that.

What were the effects on the United States? Briefly, every year in the 1970's—1973 through 1979—the effects mounted in terms of inflation caused by the increase in oil, unemployment caused by increase in oil, the decrease in the gross national product, and the increase in the price of oil itself. Those things amounted to more than the deficit is running today.

Let us examine the costs of the perception that the United States was in the process of betraying the vows of four Presidents and rejecting commitment to preserving the freedom of South Vietnam. Rather, let us examine the cost to the American economy in a single commodity area during the years 1973 to 1979.

Under the Carter administration, the Department of Energy examined the cost of the foreign policy failure that produced the oil price increase—"The Interrelationship of Energy and the Economy," 1981, Chapter 2—and a good deal of that information appeared in a study published on February 6, 1984, by the Consumer Energy Council of America, "The Consumer and Energy Impacts of Oil Exports: An Updated Report."

The study concluded that for every 1 percent of our gross national product that the national oil bill increased, the gross national product declined by approximately 1.2 percent, the rate of inflation increased by 0.7 percent, and unemployment increased by 0.4 percent.

For the 1970's, we paid a price of $40 billion to $50 billion every year in constant 1972 dollars because of rising energy prices. We suffered an additional 2 to 3 percentage points of inflation, and lost 1 to 2 million jobs per year.

At least one-quarter of our decline in productivity growth and one-half of the decline in real fixed investment are attributable to rising energy costs.

The costs that I have just talked about are just those that are totted up. They probably do not begin to extend to the full multiplier effect of the increase in energy prices. Those losses have not been publicized, nor are they understood by our business-industrial community. If they were, our business leaders would not be so bent on cutting our defenses, for an inadequate defense is part of the reason for the lack of success of our foreign policy.

There are other costs as well from the loss of access to resources and to markets. We are a nation whose GNP is heavily dependent on trade. We cannot afford to see trading markets closed to us and trading partners lost to us, as has been the case in Southeast Asia, in Africa, in Afghanistan, indeed in Latin America, and replaced perhaps by trading partners such as the Communist nations which are capable only of borrowing and consuming, not of repaying or providing value in kind.

Nor can we afford unfair trading practices by partners contemptuous of our will to redress the unfairness. They perceive, as perhaps the OPEC members did in 1973, that our country is unwilling or unable to act firmly to protect its own economic interest. Thus we see a situation in which some of our trading partners slap us in the face with their defiance to the principle and practice of free trade. They hurt our farmers and our textile workers and our steel workers. We, however, tend to respond not by turning ourselves to the formulation and conduct of a strong and effective foreign policy but, rather, by falling prey to the siren's song of protectionist legislation. In the long run, that legislation may well have heavy costs for our economy and our welfare.

Let's consider another example. From time to time, the Congress has become very concerned about southern Africa because of the racial politics of the Government of South Africa and that regime's actions toward its neighbors, which I do not agree with to the degree that they are wrong. Many of us are apparently willing to cut our ties, to abandon the effort to define and conduct a policy in the national interest in favor of no policy at all. Yet we have over $6 billion of trade with southern Africa. It is a region that contains immense deposits of strategic minerals that are vital to industrial economies such as ours: The platinum group, 86 percent of world reserves; manganese, 53 percent; vanadium, 64 percent; chromium, 95 percent; and cobalt, 52 percent; as well as a dominant part of world gold and diamond output and an internationally significant output of coal, uranium, copper, and other minerals.

The point of that economic importance is not that we should abandon efforts to produce a rational and moral solution to the problems in the region. It is that we cannot simply rely upon our own simplistic and culturally relativistic definitions of what is right and wrong. We must formulate and adhere to a policy that promotes both our moralistic goals and our economic goals. I could make the same kind of an argument for the Philippines, where we have a similar, although less severe, problem with agreeing on an effective policy.

One reflection of a failure in foreign policy was in Vietnam, where four Presidents vowed that we would hang in there. Our failure to do that convinced the rest of the world they could get away with such things as tripling the price of oil, and subsequently raising the price of oil even more without adequate justification. The cost to us is ignored in economic terms. Here we are going to exacerbate that by further showing weakness in that direction. We keep thinking that the U.S. economy is immune from the issue of what we spend or how we posture our national defense forces.

Earlier this year, the Congress rejected aid of any sort to the Contras in Nicaragua. That ill-advised rejection was preceded by the spectacle of two newly-elected Senators waiting upon the President of Nicaragua, one Daniel Ortega, and was followed by Mr. Ortega's departure on a pilgrimage to Moscow and its political suburbs in Eastern Europe. A substantial number of Members of Congress, who seemed perfectly content with foreign policy by freshmen, were subsequently shocked and angered when Mr. Ortega behaved like what he is, and concluded that they had been misled in some way. Do they need a travel schedule to tell that a Communist is a Communist?

People are referring to the phenomenon that some have referred to as 536 Secretaries of State—I am near conclusion, Mr. President—536 Secretaries of State. Unfortunately, the system was not designed to work that way. And it will not work when we try to work it that way. We might as well try running our automobiles on orange juice.

The way that I would characterize the situation in which we have our 536 Secretaries of State is like what would happen to the Washington Redskins if they were trying to play Vassar if Vassar were not yet coed. Say they are playing them last year, and Theismann is quarterbacking. Every time he says, "Hut," and the ball is snapped, the left tackle and the right end stand up and say, "Hey, Joe, you shouldn't have called student body right, you should have called zig-zag pass left or run it through the middle." That is the way we have been playing the game since about 1970.

If the Redskins had been playing that way, Joe would be in even worse shape than he is in now, and the Redskins' win-loss record would be worse.

Since Vietnam, we have been defeated in every foreign policy issue of major importance confronting our Nation because of that kind of disunity rooted in lack of understanding. We did not win our cause against a tiny little country called North Vietnam, despite infinitely greater power on our part, because of that same self-destructive lack of understanding, of bipartisanship, and of common purpose in serving the interests of this Nation.

The bottomline against the Gramm-Rudman-Hollings amendment is that, in its present form, it ignores survival because it effectively rules out the necessity to pay the price for freedom, and the price for adequate defense. You cannot take what is left over and spend for defense.

Mr. President, in a moment I shall move to recommit the report to the conference with instructions. But, first, I would like to build my colleagues' understanding of what the motion would seek to do.

First, it would give the President discretionary authority in any fiscal year not to sequester funds for defense. I say again, in any given fiscal year the President would have the discretionary authority not to sequester funds for defense. But in order to exercise that authority, the President would have to certify that sequestering would impair essential elements of national defense.

So he would have to certify formally that sequestering those funds would impair the essential elements of our national defense.

Congress would listen to that, and then could suspend or overrule the President's use of discretionary authority by a majority vote of both Houses.

So again, the President would have the discretionary authority not to sequester funds for defense. He would have to certify that those funds, if sequestered, would impair essential elements of our national defense, and Congress could suspend or overrule the President's use of that discretionary authority by majority vote in both Houses.

I think, Mr. President, that it is simple. It relieves doubt about defense. I think it would be an important signal to the Soviet Union. I think it would be an important signal to our people that we do not roll with the polls. We consult, we contemplate, we lead, if necessary, we advise and consent, and we do not devise and dissent.

The vote on my motion will be a vote on defense—no more, no less. I know that many of my colleagues have expressed their concerns about what Gramm-Rudman-Hollings does to de-

fense. I am sure that some of my colleagues have other concerns, and do not agree that defense is a major issue.

I have done what my conscience requires. I have tried to offer a persuasion to take us in the direction that would provide for the common defense by trying to have us not make defense secondary in consideration to other protected spending, in the welfare and social fields. We must and can improve the way we spend in those fields. Some people deserve more than they are now getting. Some deserve less. But it is true what Thomas Sowell, Ph.D. in economics at Stanford University, says. He says that if one-third of the money appropriated for the poor were to reach the poor, we would have no one left in poverty. If one-third of the money we nominally tax for money to help the poor were to reach the poor, there would be no one in the United States in poverty.

We have a number of bad factors about our welfare programs. We need to look at them institutionally and reform them. There is much that can be done. We are too cowardly to undertake the task. We must not remain that way. I think we must undertake the task.

I hope that my colleagues will avail themselves of the opportunity to provide effectively for the defense and security of America. Why do it? Provide flexibility for the President. The threat is there. We must let the President, as the Constitution intended, have some prerogatives, some discretion, as Commander in Chief, and not make it subject to some automatic slot machine payoff which is dependent upon the moods of committees authorizing or appropriating moneys without any restraint imposed upon them because their programs are exempt. What kind of a setup is that?

So I say again, my proposal would recommit to the conference report to the committee on conference with the following language to be added.

First, the President may exercise the discretionary authority not to sequester funds for defense.

Second, the President must certify to both Houses of Congress the the sequestration of funds would substantially impair the abilities of the U.S. Government to provide the essential elements for the national defense.

Third, once he does that, the Congress may suspend or overrule his assertion by majority vote of both Houses.

Mr. SPECTER. Will the distinguished Senator from Alabama withhold his motion so that I might have a brief colloquy with the distinguished manager of the bill, provided that the Senator does not lose his right to the floor?

Mr. DENTON. If I may ask, how long the colloquy will require?

Mr. SPECTER. I have a brief colloquy which would require about 5 minutes.

Mr. DENTON. I would like to offer this and then wait for a vote. I would like to go ahead and just make the motion.

Mr. SPECTER. A parliamentary inquiry.

The PRESIDING OFFICER. Does the Senator yield for a parliamentary inquiry? The Senator from Alabama has the floor. Does the Senator yield for a parliamentary inquiry?

Mr. DENTON. Yes; I will yield on the basis of not losing my right to the floor.

The PRESIDING OFFICER (Mr. ANDREWS). The Senator says he will yield for a parliamentary inquiry without losing his right to the floor.

Mr. SPECTER. May a unanimous-consent request be structured so that at the request of the distinguished Senator from Alabama he could make his motion to recommit and then leave 8 minutes for a statement by this Senator and a colloquy with the distinguished chairman of the Finance Committee?

The PRESIDING OFFICER. The motion of the Senator is debatable. The motion to recommit, which is about to be made by the Senator from Alabama, is debatable.

Mr. SPECTER. In any event, if I gained the floor following the motion made by the distinguished Senator from Alabama——

Mr. PACKWOOD. Does the Senator from Alabama have the motion to recommit in writing and ready to go?

Mr. DENTON. Yes.

Mr. PACKWOOD. I believe the Senator from Pennsylvania and I can have our colloquy following the motion.

MOTION TO RECOMMIT TO CONFERENCE

Mr. DENTON. Mr. President, I move to recommit to the committee on conference the conference report to accompany House Joint Resolution 372, "joint resolution increasing statutory limit on the public debt" with instructions to the managers on the part of the Senate as follows: That the managers on the part of the Senate insist that there be included a provision that will give the President the discretionary authority not to sequester from any funds for any fiscal year provided for any program, project, activity, or account within major functional category 050—national defense, provided that the President certify to both Houses of Congress, at the same time as the issuance of the Presidential order required by such joint resolution, that the sequestration of funds from such major functional category would substantially impair the ability of the U.S. Government to provide for the essential elements of the national defense; provided further that such discretionary authority for such fiscal year may be suspended by a majority vote of those Members, present and voting, of both Houses of Congress.

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

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

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. I thank the Chair.

Mr. President, earlier today there was a coloquy among the distinguished chairman of the Finance Committee [Mr. PACKWOOD], the distinguished Senator from Texas [Mr. GRAMM] and myself. I would like to pursue some of the issue raised at that time and after a brief statement will have questions for the distinguished chairman of the Finance Committee.

The concerns which this Senator expressed this morning related to the discretion on the part of the Department of Defense with respect to implementing the cuts made by the Gramm-Rudman bill. For illustrative purposes, the Senator from Texas and this Senator had discussions about what would be applicable to an installation like Fort Hood, in Texas. This Senator's further inquiry has disclosed that the only item in the defense military appropriations bill as related to Fort Hood, for example, was a $58 million construction project.

There were a number of other line items applicable to Fort Hood. But if the Department of Defense applied a 5-percent reduction, for example, to operations and maintenance nationwide, after taking that 5 percent it could all be allocated to an installation like Fort Hood and that could have the practical effect of reducing virtually all of the activity at an installation such as Fort Hood, which might have the practical effect of having a base closing, albeit short of officially doing so. The technical requirements being complied with, it would have such a base closing.

My statement at this point does not imply agreement or disagreement with the underlying policy goals of such a provision, but only an effort to understand as fully as possible where the authority and discretion would rest for implementing the cuts as required by Gramm-Rudman.

The concerns which this Senator expressed this morning as they related to installations as for example the Philadelphia Navy Yard relate again to where this discretion lies.

Now, coming to the first question I have for the chairman of the Finance Committee, referring to page 56 of the text of the Gramm-Rudman bill, there is language in subsection (i) for funds provided in the annual appropriations acts for each of the affected program, project, or activity as set forth in the most recently enacted applicable ap-

propriations acts and accompanying reports, et cetera.

My question for the chairman of the Finance Committee is whether the 5-percent sequestration amount would be limited as to apply, for example, to the Aircraft Carrier Service Life Extension Program which is specified in H.R. 3629, the Department of Defense appropriations bill for fiscal year 1986.

Mr. PACKWOOD. I thought the Senator was talking about a report and not the bill.

Let us go back to the first question again. Give me the facts again.

Mr. SPECTER. The facts are that H.R. 3629 suggests $52 million for the Aircraft Carrier Service Life Extension Program [SLEP]. I want to be sure that the Gramm-Rudman bill sequestration order would apply, for example, so that the program in Philadelphia would be limited to whatever the percentage reduction was, 5 percent in fiscal year 1986, and 5 percent in the succeeding fiscal years.

Mr. PACKWOOD. Mr. President, I have not seen that particular appropriations bill, but if that program is in there, he is alright.

Is that an appropriations bill the Senator is referring to?

Mr. SPECTER. Yes, Mr. President.

Mr. PACKWOOD. Then it would be my understanding that if it is listed there, the Senator is OK.

Mr. SPECTER. Moving now to the issue of the report. I now refer to the conference report entitled "Making Appropriations for Military Construction for the Department of Defense for the Fiscal Year Ending September 30, 1986, and for Other Purposes," referring specifically to page 9, which has as amendment No. 1 the language, "The conference agreed to the following in addition to amounts in line items as proposed by the House."

In going over to page 11, I find the designations, "Pennsylvania, Eastern Distribution Center," which I understand is the technical distribution area for New Cumberland, there is the amount $15 million. The question therefore is would that, as covered by a report, be protected with the limitation of the sequestration percentage from the Gramm-Rudman bill?

Mr. PACKWOOD. It would according to page 86 of our amendment, as follows:

> (i) for funds provided in annual appropriation Acts, from each affected program, project, and activity (as set forth in the most recently enacted applicable appropriation Acts and accompanying committee reports . . .

So to the extent that the program, project, or activity is in the report, it is covered as if it were in the act.

Mr. SPECTER. I thank the distinguished chairman.

Moving on to another question for the purpose of clarity, I have page 90, top of page under (ii), the language appears:

> (ii) No order issued by the President under paragraph (1) for fiscal year 1986 may result in a base closure or realignment that would otherwise be subject to section 2687 of title 10, United States Code.

My question is, is it the understanding of the manager of the bill that this would preclude by express language the President from ordering any base closing other than as provided by the law cited?

Mr. PACKWOOD. That precludes it by express language. The Senator will also find on page 99 generic language that says:

> No action taken by the President under subsection (a) or (b) of this seciton shall have the effect of eliminating any program, project, or activity of the Federal Government.

So the Senator is covered both generically and specifically.

Mr. SPECTER. So the language just referred to on page 99 plus the language on page 90 would preclude any such closing?

Mr. PACKWOOD. Yes, Mr. President.

Mr. SPECTER. I now ask the distinguished manager of the bill about language appearing on page 96, paragraph (II):

> (II) the Committees on Appropriations of the House of Representatives and the Senate may, after consultation with each other, define the term "program, project, and activity", and report to their respective Houses, with respect to matters within their jurisdiction, and the order issued by the President shall sequester funds in accordance with such definition.

So even if not covered in any other provisions, if the Appropriations Committees of the House and Senate agree that the definition of the term "program, project, and activity" may be expanded, they may cover it.

Mr. PACKWOOD. My good friend is correct. He is covered on that point, although now he has called it to the attention of Congress, the Committee on Appropriations may be deluged with requests from Senators. But with respect to fiscal year 1986 it is in the bill.

Mr. SPECTER. I thank the Senator for those responses. I thank specifically the chief of staff of the Senate Finance Committee, William F. Diefenderfer III, for his assistance in so promptly identifying these relevant provisions, which are so helpful, and which respond to the concerns this Senator has.

Mr. PACKWOOD. Who, I might add, is from the State of Pennsylvania, and who may have a proprietary interest in the State of Pennsylvania.

Mr. SPECTER. He is from Sharon, PA, with a spouse from Pittsburgh, so the Pennsylvania connection is well established.

Mr. President, those responses satisfy some very important concerns of this Senator. I thank the distinguished chairman of the Finance Committee. I yield the floor.

The PRESIDING OFFICER (Mr. DANFORTH). The Senator from Delaware.

Mr. ROTH. Mr. President, reluctantly, I have had to withdraw my support for the conference report on Gramm-Rudman-Hollings. I remain a strong supporter of the enforced deficit reduction concept, but I am not—and have never been—a supporter of enforced tax increases. As this amendment has developed through the conference process, that is just what it has become: "The Mandatory Tax Increase Act for 1986." Is it not ironic that on the very day that the House is voting on a bill which reduces Federal marginal tax rates, the Senate is voting for a bill that will effectively raise taxes?

What was begun here as a sincere effort to reduce the deficit by cutting the costs of Government has emerged from conference as a formula for massive tax increases over the next 5 years. Our initial concept was based upon the principle that all programs would suffer equally with any automatic Presidential sequester process in the event Congress failed to pass a budget and appropriations to meet deficit reduction targets. That evenhanded discipine is now abandoned.

As a Senate conferee on this measure, I can tell my colleagues that there was constant pressure to exempt or grant favored treatment to more domestic programs at every stage in the progress of this bill. The original sponsors of Gramm-Rodman-Hollings assured us that all programs, except Social Security, would be given equal treatment. They—and most of the rest of us—repeatedly stressed critical the importance of "keeping everything in the pot" so that the beneficiaries of all programs would have a stake in deficit reduction.

When it turned out that technical defects in the original bill would have exempted significant parts of some programs, we corrected those defects in the Senate with the Packwood substitute to make sure that all programs were treated equally. Regrettably, the conference committee eventually acceded to the pleas for program exemptions and special treatment.

After the first House-Senate conference on this measure broke up in disagreement, our colleagues in the other body added nine programs to the exempted list. When the bill came back to the Senate the second time, on November 5, we specifically rejected this approach. We categorically voted down exemptions or special treatment given to other programs. At that point, we could all agree with the distinguished Senator from Texas when he said, "The beauty of this proposal

is it allows any Member of the Senate to stand up and say, 'Any item that was on budget that was part of the problem is required to be part of the solution.' " Unfortunately, that statement is no longer correct.

In the second conference process, the Senate conferees yielded to the House position, accepting the very program exemptions that were specifically rejected here.

Other provisions of the bill prescribe the way in which cuts shall be administered for certain programs, although the method is not always clear. The conference agreement appears to protect any increases in Federal or military pay from sequestration. Furloughs and layoffs, however, are permitted but not specifically stated. We do not know what effect this would have on employment levels. Right now, there is a Federal pay freeze in effect, and the President probably will not make any recommendations for increases in the future. However, the House reconciliation bill mandates a 5-percent pay increase for the next 2 years. If that becomes law, such increases will be safe from the Presidential order.

I agree with those who say that all the exempted programs are important. But the programs that remain to be sequestered are also important. They include educational assistance, highway funds, Coast Guard, environmental protection, Amtrak, agricultural extension and conservation, handicap assistance, job training, health research, law and drug enforcement, and small business assistance.

By exempting programs that benefit many millions of Americans, their representatives will have no incentive to make a realistic congressional budget. In fact, they will actually fare better if no budget is adopted, since they are protected under any sequester order issued by the President. At the same time, programs that have not been exempt from a sequester order—the programs that benefit the average American and provide the basic services and functions undertaken by Government—are left to bear the brunt of the burden.

Under the budget deficit now forecast by OMB for fiscal year 1987, we must expect a forthcoming cut of $50 billion. By making the numerous exemptions now in the conference committee bill, we have nearly doubled the impact on the rest. If we cannot agree to change the new program priorities set by the conference bill, remaining domestic programs can anticipate a 17-percent automatic cut next fiscal year. This is simply not supportable.

What we have done is to create a ready-made coalition for massive tax increases. Those whose programs are exempt from cuts will be joined—in desperation—by those whose programs are devastated by the impact of the new Gramm-Rudman-Hollings to support new tax measures that will meet the statutory deficit limits. Instead of cutting the costs of Government, this bill emerges from conference guaranteed to make meaningful cost-cutting impossible and thereby lays the foundation for tax increases.

Finally, I have genuine concerns about the unintended and unknown consequences of this bill. The conference report is the product of repeated long-night and all-night sessions that made innumerable and extremely complex changes in the procedures of the budgetary process, in the rules of the Congress, and in the substance of public policy. In the rush to bring this book-length bill here today, literally no one has had an opportunity even to begin to understand the full extent of these dramatic changes. This is a dangerous outcome, both for this institution and for the country.

For these reasons, I, for one, can no longer support this bill.

Mr. President, I ask unanimous consent to have three exhibits printed in the RECORD.

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

BASED ON OMB PROJECTION OF $194 BILLION DEFICIT FISCAL YEAR 1987; GRAMM-RUDMAN MAXIMUM DEFICIT ALLOWED FOR FISCAL YEAR 1987: $144 BILLION

[Hypothetical $50 billion sequester order (50/50 defense/nondefense—in billions of $)]

	Latest Senate-passed bill	Senate offer	House offer	Conference bill
COLA reduction [1]	1.6	1.0	1.0	1.0
Defense: [$25 billion]				
Remaining amount to be sequestered	24.2	24.5	24.5	24.5
Sequester percentage assuming existing contracts	9.7	9.9	9.9	9.9
Sequester percentage assuming no existing contracts	13.9	14.1	14.1	14.1
Nondefense: [$25 billion]				
Remaining amount to be sequestered	24.2	24.5	24.5	24.5
Medicare-Medicaid reduction	[2][9.7]	3.1	1.3	1.9
Sequester percentage [3] (sequester amount base)	10	14.8	17.4	17.4
Nondefense base	$242	$145	$130	$130

[1] COLA's to be divided evenly between defense and nondefense.
[2] Latest Senate-passed bill would sequester medical programs to full sequester amount from a base of $97 billion.
[3] House based on new BA. Senate based on new BA plus unobligated balances.

Note: Computed from estimates prepared by the Congressional Budget Office based on House and Senate staff specifications.

GRAMM-RUDMAN TARGETS REQUIRE DEFICIT REDUCTIONS OF $36 BILLION PER YEAR: FISCAL YEAR 1987—$144 BILLION; FISCAL YEAR 1988—$108 BILLION; FISCAL YEAR 1989—$72 BILLION; FISCAL YEAR 1990—$36 BILLION; FISCAL YEAR 1991—$0

[Hypothetical $36 billion sequester order (50/50 Defense/Nondefense—in billions of $)]

	Latest Senate-passed bill	Senate offer	House offer	Conference bill
COLA reduction [1]	1.6	1.0	1.0	1.0
Defense: [$18 billion]				
Remaining amount to be sequestered	17.2	17.5	17.5	17.5
Sequester percentage assuming existing contracts	6.9	7	7	7

GRAMM-RUDMAN TARGETS REQUIRE DEFICIT REDUCTIONS OF $36 BILLION PER YEAR: FISCAL YEAR 1987—$144 BILLION; FISCAL YEAR 1988—$108 BILLION; FISCAL YEAR 1989—$72 BILLION; FISCAL YEAR 1990—$36 BILLION; FISCAL YEAR 1991—$0—Continued

[Hypothetical $36 billion sequester order (50/50 Defense/Nondefense—in billions of $)]

	Latest Senate-passed bill	Senate offer	House offer	Conference bill
Sequester percentage assuming no existing contracts	9.9	10.7	10.7	10.7
Nondefense: [$18 billion]				
Remaining amount to be sequestered	17.2	17.5	17.5	17.5
Medicare-Medicaid reduction	[2] [6.9]	3.1	1.3	1.9
Sequester percentage [3]	7.1	9.9	12.5	12
Nondefense base	$242	$145	$130	$130

[1] COLA's to be divided evenly between defense and nondefense.
[2] Latest Senate-passed bill would sequester medical programs to full sequester amount from a base of $97 Billion.
[3] House based on new BA. Senate based on new BA plus unobligated balances.

Note: Computer from estimates prepared by the Congress Budget Office based on House and Senate staff specifications.

GRAMM-RUDMAN-HOLLINGS

Programs exempted or given special treatment	Millions of beneficiaries	Base (billions)
I. Latest Senate-passed bill:		
Social Security [OASDI]	37.3	
Total		[2] $242
II. House-passed bill:		
Social Security [OASDI]	37.3	
Medicare:		
Hospital insurance	30.8	
Supplemental medical insurance	30.5	
Medicaid	22.5	
Supplemental Security Income [SSI]	3.7	
AFDC	10.8	
Food Stamps	20.1	
Child nutrition	(1)	
Community Health programs	(1)	
Veterans Health programs	(1)	
WIC	(1)	
Total		[2] 130
III. Conference committee bill:		
Social Security [OASDI]	37.3	
Medicare:		
Hospital insurance	30.8	
Supplemental medical insurance	30.5	
Medicaid	22.5	
Veterans health programs		
Veterans compensation	2.6	
Veterans pensions	1.4	
Supplemental Security income	3.7	
AFDC	10.8	
Food Stamps	20.1	
Indian Health programs	(1)	
Child nutrition	(1)	
Migrant Health programs	(1)	
WIC	(1)	
Community Health programs	(1)	
Total		(1)

[1] Data not known at the time of publication.
[2] Base data provided by the Congressional Budget Office.

Note: Beneficiaries are often the recipients of more than one of the Federal programs listed above.

Source: Office of Management and Budget, 1986 Budget, Special Analysis.

Mr. ROTH. Mr. President, I yield the floor.

Mr. DIXON. Mr. President, I support the Gramm-Rudman-Hollings proposal. I am pleased to be a cosponsor of this effort—at long last—to try to get Federal deficits and our exploding national debt under control. Failure to act to reduce budget deficits endangers our economic future. We have already waited much too long to impose desperately-needed fiscal restraint; we cannot afford to wait another minute.

Congress and the President have worked hard on budget issues the last several years, but we and the President have not been able to agree on budget packages that would restrain the growth of Federal spending. The result has been that we've doubled our national debt in just 5 years, and our annual budget deficits are now at levels that seemed incomprehensible just a few years ago.

The Gramm-Rudman-Hollings proposal is an attempt to begin to set things right. It is not a perfect proposal by any means. It is a blunt weapon; and the across-the-board cuts it calls for if Congress and President are unable to agree on an alternative package will cause real pain. Further, it may not be adequately flexible to deal with the effects of economic recession. We are at a stage, however, where there is no other alternative. We have to act, and act now.

The proposal now before the Senate will work to put deficits on a declining path. Instead of $200 billion plus Federal deficits every year, under Gramm-Rudman-Hollings the Federal deficit will decline to $171.9 billion in fiscal year 1986, $144 billion in fiscal 1987, and to $0 by fiscal 1991. It exempts the programs that must be exempted: Social Security, and the programs that are essential to the poorest Americans.

Further, Mr. President, the across-the-board cuts that might be imposed under this proposal are basically fair and equitable. Defense programs will be required to bear 50 percent of any across-the-board cuts; domestic programs will account for the other 50 percent. And across-the-board cuts, by their very nature, help ensure that a few programs are not called upon for disproportionate sacrifice.

Finally, it must be remembered that across-the-board cuts will not go into effect at all if Congress and the President can act on a budget package that meets the deficit reduction targets. What Gramm-Rudman-Hollings provides is added impetus for Congress and the President to act together on a reasonable and balanced program of program cuts, and perhaps revenue increases if the President proposes them, of the kind that are necessary to bring our budget problems under control. Congress and the President have failed to resolve their differences on deficit reduction in the past. Gramm-Rudman-Hollings will help ensure that we and the President will act together in the future.

We are again running out of time, Mr. President. The United States will effectively become bankrupt if Congress is unable to act on this legislation today, so I will not take any more of the Senate's time. Let me just simply say that Gramm-Rudman-Hollings is a hard but necessary step. It can and will create the kind of discripline and will to act that has been missing in the past. It can and will help to break the cycle of ever-increasing Federal deficit, and help restore balanced budgets and the kind of spending restraint we cannot do without.

I yield the floor, Mr. President.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I ask unanimous consent that I be permitted to yield for 2 minutes to my distinguished colleague from Michigan without losing my right to the floor.

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

Mr. LEVIN. I thank my friend. I thank the Chair.

Mr. President, the legislation which we are passing today is a club over the head of both the President and the Congress designed to force action to reduce the deficit and to produce a balanced budget by 1991. In a sense, it is the "Truth or Consequences Act of 1985"—we either face up to the truth that we can't go on endlessly borrowing against the future to pay for what we are buying now, or we will have to face up to the consequences of deep across-the-board spending cuts. This may well mean that we will need an increase in revenues—other than a general tax increase—in addition to selected spending cuts. But over the long run, it is far worse to continue the current profligate policy of borrow and spend than it is to have a responsible policy of tax and spend.

Some have argued that this legislation is a gamble. That is true. We are taking a gamble, but, at least we are not playing with loaded dice. It is preferable to follow a steady course toward a healthy economy which involves some risk rather than the certain disastrous deficit course we are on now.

We must take firm action against the deficit because the burden of the deficit threatens to destroy the prospect for long-term prosperity. Paying for the loans that the Government needs to finance the deficit will suck out of the economy the money which would otherwise go to finance productive investments. The budget deficit also makes our products less competitive both here and abroad, thereby increasing our trade deficit and costing us jobs. Finally, the deficit threatens to severely limit Government as a tool for bettering the quality of life for all Americans. A lot of people think that the Government should not be involved in as many things as it is. They may look favorably on the idea of shrinking Government. But how many people want to say that the deficit is doing the right thing if it is forcing us to be less aggressive in dealing with the problems of toxic waste, or if it is causing us to slow down the acquisition of oil for our strategic petroleum reserve? The passage of this legislation will force us to deal with the deficit, and provide a way for us to avoid these threats.

But, although the threat of the across-the-board spending cuts will be a prod on the President and the Congress to come up with a more fine tuned approach, both on the spending and on the revenue side, to meet these deficit targets, this legislation includes a provision which will assure that the priorities set by the Congress will be adhered to if the across-the-board cuts go into effect. With the exception of a minor, limited amount of flexibility for only fiscal year 1986 in the defense budget to take into account the problems inherent for defense in starting the Gramm-Rudman process in the middle of the fiscal year, the legislation before us provides that the across-the-board cuts would have to be uniform down to the level of programs, projects and activities which the Congress has specified in appropriation bills and the accompanying committee reports. As a result of this provision, for each full year in which Gramm-Rudman is in effect there is no shift of power to the President to rearrange, as part of the sequester order, the priorities which the Congress had set through the normal legislative process. This element of the Gramm-Rudman package is so essential to maintaining the authority of the Congress over spending decision.

That is why it is so important for the record to review in detail the evolution of this provision and to reemphasize its intent.

When Gramm-Rudman amendment was first proposed in the Senate, it provided that the across-the-board cuts in the sequester order were only required to be uniform between categories specified in a document published by the Office of Management and Budget. This document, for example, included categories such as "Research, Development, Test, and Evaluation, Army" and "Research, Development, Test, and Evaluation, Navy." If there were a 3-percent sequester order, then each of these categories whould have to be cut by 3 percent. However, within each of these categories the President could have picked which programs would be cut a little, which programs would be cut a lot, and which programs would not be cut at all. He could have chosen to protect his pet program and to cut deeply into programs which were high congressional priorities, as long as he met the total of the cut applied to the overall category.

For example, in the Office of Management and Budget's category "Research, Development, Test, and Evaluation, Army," the Congress, as part of its normal review process, had made decisions on spending levels for 253 programs, projects, and activities. In

some instances the Congress provided tens of millions of dollars more or less than the President had originally requested in the budget which he submitted in the beginning of the year. Under the original Gramm-Rudman amendment, the President in the sequester order could have looked at this overall spending category and cut in a nonuniform way—ignoring the results of the congressional decisionmaking process—these 253 programs, projects, and activities, as long as the cuts in this category equaled the required amount.

On October 9, after days of intense negotiations, the Senate agreed to an amendment which I offered to require that the spending cuts contained in the sequester order be uniform down to the level of programs, projects, and activities. Using the previous example, this means that each of the 253 programs, projects, and activities within the category "Research, Development, Test and Evaluation, Army" would have to be cut by a uniform percentage. The congressional priorities within that category would be retained. The President would not have the authority to ignore or rewrite them.

During the debate, I stated that:

> The language in the amendment speaks for itself * * * that each affected program and project or activity as defined in the most recently enacted relevant appropriations acts and accompanying committee reports or from each affected account if not so defined," must be uniformly treated.

In response Senator RUDMAN stated,

> The remarks just concluded by the Senator from Michigan are accurate. They are precise. They are precisely what the drafters of their amendment intend and the plain language speaks for itself.

During the next 2 months the Secretary of Defense and others within the administration strongly urged and continued to lobby the Congress up to the last minute to modify this language to provide greater flexibility to the President during the entire life of Gramm-Rudman to depart within the sequester order from the priorities set by the Congress in those programs, projects, and activities. There were reports that the President might veto the whole Gramm-Rudman package if he was not given this multiyear flexibility. In the end, however, the Congress stood firm in insisting that for all the full years to which Gramm-Rudman was applicable, the cuts within the sequester order be uniform down to the program, project, and activity level. The President was granted very limited flexibility to depart from strict uniformity for fiscal year 1986 because of the difficulties inherent in starting the Gramm-Rudman process for defense in the middle of the year. However, the record of the conference committee of Gramm-Rudman is clear that this exception is only fiscal year 1986 and is not intended as a precedent for future exceptions to the rule of uniformity down to the program, project, and activity level. To quote from the statement of managers of the conference,

> The conferees have included language which provides limited flexibility in regard to sequestration of defense spending for fiscal year 1986 only. This flexibility is not intended as a precedent for similar flexibility in future years in which sequestration might occur.

Furthermore, Senator PACKWOOD, the floor manager of this legislation, has again stated for the record today that this limited flexibility is for fiscal year 1986 only and that there is no intent that it be a precedent for flexibility beyond fiscal year 1986.

With the priorities set by the Congress over spending decisions thus protected, it is now time to get on with the job of meeting the deficit reduction goals and arriving at the balanced budget invisioned by the Gramm-Rudman plan.

Mr. President, while my friend, the manager, is on the floor, I wish to take the rest of my 2 minutes to commend him, the Senator from New Mexico, and the original cosponsors of this bill, Senators GRAMM, RUDMAN, and HOLLINGS. They have done a very creative and important thing. I particularly commend my friend from Oregon and my friend from New Mexico. They have maintained a steadfast, straight course in conference, and it was critical to the success of that conference. I congratulate them for their success.

Mr. PACKWOOD. I respond in gratitude to the Senator from Michigan and say that it was his amendment, I think, that unlocked the logjam. But for that and the assurance that we were not going to have funny games in broad discretion in the military, we would not have a bill today.

Mr. LEVIN. I thank the Senator.

The PRESIDING OFFICER (Mr. COHEN). The Senator from Arkansas.

Mr. BUMPERS. Mr. President, virtually every Member of this body, at some time during the past few months, has expressed himself on one side or the other of this question. I do not question the integrity—the intellectual or any other kind of integrity—of anyone who chooses to vote on any side of this issue. Everyone is voting for it for what I would consider to be his or her own concerns for the future of the country. I do not question other people's patriotism, and there is nothing as offensive to me as people who do. So I am not castigating people who disagree with me.

As a matter of fact, many of the Members of this body for whom I have the greatest respect intend to vote against the Gramm-Rudman-Hollings amendment. I intend to vote for it.

I know all the arguments against it, and I know all the arguments for it, and it is an agonizing proposition for me. I will not vote for it without considerable trepidation and reservation.

I read the David Broder column this morning, and it was excellent. If anyone is disposed to vote against this measure, there is plenty of fodder in the Broder column this morning. But let us go back to the original promise and come forward to where we are.

The promise was on January 21, 1981: "If not us, who? If not now, when?"

The American people were exhilarated in the belief that that statement meant we were headed for a balanced budget by no later than 1984.

So the President submitted massive spending cuts to this body; and I voted for them because I thought that is what the American people wanted and that is what they had voted for the President to do—cut spending. And I agreed that spending should be cut.

So we voted for a budget reconciliation bill here in 1981, cutting $56 billion in domestic spending, but we save most of that to the Defense Department. So the bottom line was a wash. We had not accomplished one thing in solving the deficit crisis.

Then the promise was, "If you will but cut taxes by $750 billion over the next 5 years, we will balance the budget. The way to balance the budget is to cut taxes."

There were 11 people in this body—and I am happy to say that I am one, and if saying so is self-serving, so be it—who said you will cause massive deficits by this, so we voted no.

Then they said: "In addition to cutting taxes, we have to double defense spending, we have to spend somewhere between $1.5 and $2 trillion on defense in the same 5-year period." Well, the promised balanced budget did not work out as promised, of course, as most thoughtful people said it would not.

So, in 1984, when the deficits had literally exploded, people were saying: "What are we going to do about the deficits? We were told that a vibrant economy would solve the problem. We would grow our way out of it."

These are not things I am making up. Everybody in this body knows those are the precise promises and statements that were made: "We will grow our way out of it."

Then, when we obviously failed, with the hottest economy we had had since World War II, in 1984, and the deficits continued to grow, we were told that deficits really do not matter.

I must say that the conventional wisdom, that the bigger the deficit, the higher the interest rate, has been proved false; and the reason is that our friends from abroad have been helping to finance this deficit to the tune of about $100 billion a year.

However, the thing that is really alarming is that in 1984 and 1985, when we had these staggering growth rates in the economy, we were still having to write $200 billion worth of hot checks a year. Talk about Keynesian, if that does not stand poor Lord Maynard Keynes on his head, nothing does.

I am a great proponent of keeping church and State separate, and I am certainly reluctant to give a biblical sermonette here, but the Greeks believed that whatever bad happened to them was because of some sin their father or grandfather had committed. The great god of all, Zeus, was very unforgiving if he was ever crossed, so the Greeks believed.

The early Hebrews believed the same thing. If anything bad happened to you, it was because of the sins of your father and your grandfather. You all know that old story about visiting the sins of the father on the sons and the grandsons.

It was only after Ezekiel was taken captive in 587 B.C. that he told the Jews who had been taken into captivity in Babylonia, "Don't worry about it; this is not true. God does not judge the children by the sins of their fathers."

That was the good news. The bad news is, "We are doing it to ourselves."

If I were to ask everybody in this Chamber what is the most precious thing in your life that you would readily die for, you would say your children. You give them every kind of education, the best education you can.

Putting my children through college was very expensive. Their mother and I did everything in the world to accommodate them. We tried to shelter them from every adversity, every unpleasantness. Do you know what we are doing now? We are depriving ourselves of things now, to try to build a modest estate, so that they can inherit, so that we can continue to protect them after we are dead and gone.

You tell me what sense it makes for us to give them that wonderful education and wonderful opportunity, try to anticipate every wish and meet it before they can ask for it, and then sacrifice to build an estate to leave them after we have gone, when we are setting up an absolute apocalypse for their future, right here in Washington, DC, with these enormous deficits. It is a strange contradiction and paradox, is it not?

Senator HOLLINGS voted against the 1981 tax cuts, too. He stood on the floor of the Senate with me and predicted these huge deficits.

So, in 1983, when the budget deficits began to explode, Senator HOLLINGS, a very knowledgeable Member of this body on budgets, came up with a plan that I thought was pretty Draconian but would work—an across-the-board spending freeze—and we offered it to the Senate, and we got 18 votes. It would have balanced the budget in 4 years, with a lot less trauma than Gramm-Rudman.

Do you know why we did not get any more than 18 votes? Because we postponed income tax indexing. We took away a little of the investment tax credit; we put in a minimum corporate tax. Everyone screamed and ran out the door and said no, that we are trying to raise taxes.

Now, the hottest game in town is a minimum corporate tax, slow down ACRS—all the rest. Get at these 50 big corporations of the Fortune 500 who are paying no taxes and are getting big refunds.

We came back again in 1984 and got 38 votes. The reason we did not get more is the President had all his people on the floor of the Senate working to make sure that that particular proposal to balance the budget did not pass.

In 1985, early this year, we came back with the same proposal, slightly modified, and we got 35 votes.

Now, Mr. President, we find ourselves in the unhappy position of dealing with the No. 1 problem of this country, the staggering problems of deficits, in a very undesirable way.

The Senator from New Hampshire [Mr. RUDMAN] said it well the other day. It is a bad idea whose time has come. If I were going to assume that Congress was going to take a dive and agree with whatever the President submitted to us next February 5, I would not vote for this. It would be a terrible idea, if you assume that you are abandoning all of your responsibility to the President.

I have listened to a lot of the speeches on the floor today. All of them have lamented the deficits. All of them have talked about how they ensure the absolute economic collapse of the country if they are not dealt with soon.

But I do not believe this body is going to vote to freeze COLA's on civil service retirees and military retirees and give everyone else their COLA. I do not believe that is going to happen. Politically that is not acceptable to a majority of the people in this body.

Incidentally, when I see the story where the House Ways and Means Committee slips a little thing in the tax reform bill that says from now on all civil service and military retirees will pay taxes on their pension the day they retire, not at the full rate, at some smaller rate, and then in parenthesis "except Members of Congress," how can you expect the people of this country not to be cynical about the way their business is being conducted here when you have a little-bitty provision in a 1,350-page bill that says "except Members of Congress."

I assume the committee thought no one would catch it, but someone did catch it. Now they cannot hardly wait to get the bill up there with a rule that will say that will be one of the two measures they will consider to make sure that Members of Congress are not exempt. But they had to get caught at it.

Mr. President, there are seven programs that are exempt from sequestering or automatic cuts, but that does not mean that those programs are immune from cuts. The fact that they are immune from sequestering if we fail to act is one thing. They are not immune from the budget the President will submit to us in February nor are they immune to any action Congress may see fit to take next year.

I do not believe this body is going to vote to cut childhood immunizations. It would be an absolute travesty to cut programs that return $10 in benefits for every dollar spent. I do not believe this body is going to vote to cut maternal and child health care programs that return $10 in benefits for every dollar we spend. I do not think we are going to cut for AIDS research into the threatened plague of this Nation.

I do not think in light of Dr. Rosenberg's new discovery out at the National Cancer Institute we are going to vote to cut cancer research either.

I can tell you Small Business Administration, synthetic fuels, clean coal technology, all of those programs are going to get a hit, and maybe totally eliminated.

I think SDI research will be cut in 1987, but that is another matter, and I am not going to get into that.

I am, by the way, concerned about the House tax bill.

No. 1, it needs substantial improvement.

No. 2, why on Earth do we want to go through the agony of tax reform to come up with what we call a revenue-neutral bill while we are writing $200 billion worth of hot checks a year? It must be revenue neutral or the President will not sign it.

You know if I had President Reagan's communicative skills, if I had his television technique, frankly, if I had his speechwriters, I would go on television on all three networks and I would say to the American people, "The time has come. We can no longer delude ourselves about this. It is a crisis of mammoth proportions, and it must be dealt with for the sake of your children and your grandchildren and here is what we are going to do," and include fair and equitable tax increases with budget cuts, and say to the American people, "But I promise you the taxes we will raise will not go to expand programs or to start new ones, it will go to reduce the deficit."

You would see a massive outpouring of support in this country for that proposition. I have talked to economists and businessmen in Arkansas

and all across the country. I daresay if you take a poll of them 80 percent will tell you that you are going to have to have both taxes and cuts in spending if you are really serious about the deficits.

I heard one Senator a while ago talk about the trade deficit and he tied the trade deficit to the deficits, and that is a legitimate tie-in. But you cannot just sit around wringing your hands and saying "ain't it awful," when you know that the value of the dollar abroad is directly tied to the deficits, and yet vote against doing anything about the deficits.

The bottom line, Mr. President, is that there is no painless way. There was a certain politician in Arkansas, and the writers always said he would straddle any fence he could not burrow under. You cannot straddle the fence any longer and you cannot burrow under it any longer.

The Hollings proposals of 1983, 1984, and 1985 that many of us cosponsored, spoke for, and fought for, a lot of people thought that was a painless way. It would not have been painless either, but it would have been fair, and it would have been better than this one. The budget would be balanced next year.

There is no painless way to deal with this problem. So while everyone laments the deficits, some of us that voted to keep them from happening in the first place and some of us have tried other ways to deal with them unsuccessfully. So what we have on the table is what we call Gramm-Rudman-Hollings, a bad idea whose time has come.

We have a chance to vote for something, and the alternative is to vote for nothing but instead continue the self-flagellation and chest-beating. This bill, when it passes, and it is going to pass, is going to create one budget crisis after another, but I promise you none of those crises will be nearly as big as the crisis we are going to face if we do nothing.

So, Mr. President, with considerable trepidation and reservation, but with hope, I intend to vote for this.

The other morning I saw Frank Church's son on the "Today show". He is a minister and he has written a book about his father, former colleague of most of us, the distinguished Senator who is already in the record books, Frank Church. And the interviewer said, "How would you describe your father's life if you could sum it up in one sentence?" He said, "My father always voted his hopes and not his fears."

That is a good admonition for all of us.

So today, I am voting for the Gramm-Rudman-Hollings proposal. I am going to vote my hopes and not my fears and pray that my hopes are justified.

Mr. President, I yield the floor.

Mr. KERRY. Mr. President, I would like to first raise a qustion or two, if I could, with respect to an issue that has concerned me throughout our deliberations regarding the Gramm-Rudman-Hollings bill. As the distinguished chairman of the Finance Committee, the manager, knows, I raised an issue early this year when we first began the budget process about the question of tax compliance, the fairness of our current process of collections.

I would like to just take a moment to describe what I brought before us as an issue, because I think it is important. I want it as a groundwork with respect to where we are going from here.

The IRS currently tells us that there is a gap in their collections now of $106 billion; that tax forms put in front of them show less income to the Government than they ought to in the sum of $106 billion.

This year, the National Governors Association passed a unanimous resolution urging Congress to take action to closing that gap. Based on experience from a number of States including my own home State of Massachusetts, they told us that we could collect somewhere in the vicinity of $20 billion in 1 year. That would be a substantial addition to the revenues of the Federal Treasury.

Now, what is disturbing about the current IRS enforcement efforts is that the IRS itself this year requested additional personnel. They cannot do the job they have been asked to do and therefore they requested a personnel increase to approximately the number of 95,000 people. Estimates are that those 95,000 people would raise about $38 billion.

OMB cut them back. And, for a savings of $300 million, OMB was willing to show a reduction in revenues of $2.4 billion to the Federal Government, at a time when those revenues are desperately needed to reduce the deficit. So, a savings of $300 million in this years budget will be a loss to the Treasury of $2.4 billion.

Over the last 10 years, the number of tax returns the IRS must process has gone up some 17 percent, but the assets of the IRS have only gone up some 2 percent. The result, Mr. President is that individual audits are down 26 percent and corporate audits are down 46 percent.

Americans are not unaware of this problem. Ten years ago, in America, 84 percent of Americans voluntarily paid their taxes—84 percent. The IRS will tell you—this is not my figure, it is not a Democratic figure or a Republican figure. In the last 10 years, voluntary compliance has gone down to about 81.6 percent, and for each loss of a percentage point of compliance we have lost $5 billion in revenue.

Now, why is that important in the context of Gramm-Rudman? Well, all of us know that over the past weeks we have been voting here to cut appropriations: FAA money, Coast Guard's money, education money, even to cut money across the board. And we are presented with a series of choices about areas in which we unwillingly have to cut money from programs that help people. The distinguished Senator from Arkansas just referred to a number of such programs. Yet we are cutting them at the same time that we know there is revenue out there which not only could we be collecting but we should be collecting.

Daniel Yankelovich did a poll for the IRS to give them a sense of what the attitudes of Americans are about tax collection. He found, Mr. President, that a majority of our citizens believe that a majority of our citizens are cheating on their taxes. And, as more and more people begin to believe that citizens are cheating on their taxes, they begin to cheat on their own taxes because they think it is the way to do it. They think it is permissible and they think they can get away with it. And, in fact, Mr. President, the truth is, because we are getting so lenient about compliance, they can get away with it. One out of 43,000 people who evade their taxes, against whom there are complaints, are brought into criminal action.

So, Mr. President, I put onto the Gramm-Rudman bill an amendment, which was passed here in the Senate, that called for a joint study by the Treasury, OMB, and CBO. It required that they report back to us next January to make certain, as regarding potential revenues from strict tax compliance. We have to make some hard choices and we need to know how much additional revenue tax compliance would yield. That would enable us to make those difficult choices in a wholly different light.

Unfortunately, that particular requirement for a tax compliance study is not in the legislation, as it has come out of conference.

Mr. President, this is not suggested without some kind of background of accomplishment. Some 14 States, some 14 Governors, have already implemented similar efforts to recapture revenue that they know is there to be captured.

In my home State of Massachusetts, I am proud to say that we instituted this at a time when we faced a budget crisis, a $500 million deficit. And, because nobody wanted to raise taxes, people sat around and said, "How are we going to make up the difference and collect this money?" And the way it was collected was by creating new efforts in enforcement, computerizing, increasing the audits, putting additional people into our collection depart-

ment, streamlining, having a series of measures taken that would collect that revenue. And, in fact, we did, to the tune of an additional 4.5 percent revenue. I do not have to tell any Member of this institution what 4.5 percent of revenue would do in terms of the Federal deficit and the problem that we now face.

So, when the chairman of the Finance Committee returns to the floor, I would like to ask him specifically what steps he thinks we could take with respect to this measure and how it is that we could complete it.

While I am waiting for him to return, let me comment briefly, if I may, on this bill itself. Earlier, I heard my colleague from Illinois [Senator SIMON] talk about why he, as somebody who considered himself a progressive Democrat, was voting for it.

Mr. President, I share many of the feelings of the Senator from Illinois and many of the feelings of the Senator from Arkansas.

I have listened carefully to Senators that I respect greatly on my side of the aisle who oppose this bill. This Senator would certainly like to make it clear, on behalf of those Senators like the Senator from Michigan and others, that I understand their opposition is not a reluctance to do something about the deficit; that most of those who oppose this bill do not oppose it because they do not want to do something about the deficit, but because they have worries or concerns of another nature.

But, Mr. President, I disagree with those who oppose this bill, claiming it is an enormous transfer of power from Congress. The bottom line is that, in this legislation, it is we, the Congress, who are deciding what we will cut and how much we will cut. If, and only if, we fail to meet the deficit reduction set out in this bill, the Executive will administer sequestration, also established in this legislation. We are not transferring funding authority or discretion to the President.

Over the past 5 years this institution has tried to reduce the deficit and failed. The urgency of the deficit demands that we break with business as usual and turn to an alternative that will give us the structure to do what we have not been able to do.

I have watched carefully what has happened to the budget in the last 5 years. President Reagan's program and priorities have doubled our Nation's debt to $2 trillion. Tax reductions, soaring military spending and severe reductions in domestic programs are the Reagan legacy.

Programs I care about, programs important to Massachusetts such as education, child nutrition, head start, food stamps, transportation, UDAG's, CSBG, and revenue sharing are reduced annually. Those cuts have been matched over the last 5 years by parallel increases in military spending. It is clear what would happen if we did nothing. We'd come back next year and there would be the same deficit. The same arguments would be made, and we would go on with the same process of repetition, and we would wind up then exactly where we are today.

This is not the ideal way to legislate. But, today's deficit demands extraordinary action. The President, the Congress, share in an inability and an unwillingness to deal with that deficit. That is what has brought us here today.

I think we have to make a threshold decision which a great majority of the Senate has obviously made. The deficit is a real problem. The deficit threatens our ability to compete abroad; the deficit threatens us in the long term by mortgaging the futures of our children; the deficit creates problems in the valuation of our currency and undermines our ability to trade. We have one obligation; that is, to resolve to do something about that deficit.

This bill is the only thing Congress has been able to agree upon to help us make the set of difficult spending choices next year.

I keep hearing some of the detractors say you are not going to make any choices next year. The fact is, starting in February when the President puts in front of us his set of choices and states his agenda for this country, we will engage in a zero sum budget process that for better or worse will require us to have an accountability on each program that comes before us in the Senate.

If you want star wars, you are going to have to show how you are going to pay for it, and you are going to have to show what program you are willing to cut for it. There will be enough votes between now and the election next year for people across this country to know what each individual Senator's agenda is, what the President's agenda is, and what the differences between us are.

While I think this is not perfect, while I wish we were able to legislate in a different way, I do not think that this bill somehow precludes us from making the hard choices that we were sent here to make: I think in the final analysis this bill presents us with an opportunity to do that.

Finally, I say, Mr. President, I keep hearing people say we are transferring this enormous power of the President. The fact is, Mr. President, he can veto anything we present him today. If we do not have the votes to override that veto today, we are in no different position that we will be under Gramm-Rudman.

If the Congress decides it has a better plan than the President, and the Congress makes its decision that we do not want to cut x, y, or z, if what the Senator from Alabama said is true, and defense is threatened, we have the ability to make that choice, and to pass the additional revenue to give us the defense that we need. We have the ability to override any veto of the President under this just as we do under normal circumstances.

But this bill does guarantee what we have not done for the last 5 years, is that we will indeed have to make those choices or else something else that we have put in place ourselves will do it for us—not something the President had decided, nor something we have decided. I think that is an important distinction in this process.

Mr. President, I would like at this time to ask the chairman of the Finance Committee if he would be willing to, on behalf of the interests which I know he shares with me, which we have discussed, request of the Treasury Department some report that I understand they can make at this point in time, if he would be willing to assure me that he would request that report as chairman of the Finance Committee so that we might have the information in front of us next year as we made these important choices.

Mr. PACKWOOD. I would be happy to request it. Would the Senator be so good as to give me a draft as he would like it, and I may ask the Joint Committee on Taxation in addition to Treasury. They may not have the same answer.

Mr. KERRY. I absolutely will. I certainly appreciate the willingness of the Senator do that. I understand the Chair shares with me my feelings that this is an important area that has potential for revenue.

Mr. PACKWOOD. As a matter of fact, we have reconciliation of 1,500 new agents. That raises estimates of around $2 billion over the 3 years. I assume there is an end to magic. You cannot have a $115 billion cut and raise $200 billion nor a $125 billion cut and raise $200 billion and take care of the deficit in that fashion. But indeed there is compliance. We are not talking about new tax laws. We are talking about people saying what they owe under the current tax laws that they are not paying.

Mr. KERRY. That is exactly right. Mr. President, I would say to the chairman that as he knows the IRS in the current programs which they are enforcing tells us that they get $23 back for each $1 invested, and the lowest that they get back is $6 return for each $1 invested. So what I am going to be asking the IRS is what measures can be taken, and we ask the Treasury what measures can be taken that will return to us at least $2 for each $1 invested.

I am sure that if we find that out, if we undertake those steps, whatever happens under Gramm-Rudman that process will be greatly facilitated by virtue of the additional revenue.

I thank you very much, Mr. President, I yield the floor.

Mr. NUNN addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. NUNN. Mr. President, I voted for the so-called Gramm-Rudman-Hollings amendment in the Senate and I will vote for the compromise deficit reduction legislation in the conference report.

The huge deficits in this country have produced sustained high real interest rates and contributed to our deteriorating trade and competitive position in the world. America's defense depends first and foremost on a strong economy, and we simply cannot build a strong defense on our current eroding economic foundation.

This legislation represents a real and serious effort by the Congress to get serious about reducing the deficit.

In the last 5 years, the President has not exercised responsible fiscal leadership.

Congress has not exercised its responsibility in filling the vacuum in responsible fiscal leadership.

Under this legislation, the President and Congress can no longer sidestep the responsibilities of leadership. This legislation will force Congress and the President to make the painful choice between:

First, large cuts in domestic spending far beyond what President Reagan or Congress have been willing to support;

Second, deep and harmful cuts in defense spending; or

Third, tax increases.

Those are going to be the choices.

Mr. President, I strongly endorse and support the goal of this legislation to produce mandatory, phased reductions in deficits over the next 5 years—hopefully if everything goes right. That is a very big "if"—culminating in a balanced Federal budget by fiscal year 1991.

But I do not think we ought to kid ourselves. This legislation is not a panacea, and the automatic sequester process is not a substitute for responsive leadership. There are still some very serious shortcomings with this legislation.

In spite of the fact that I will vote for it, I think everyone should recognize those shortcomings.

For one thing, this conference agreement exempts large areas of Federal spending from reductions under the automatic spending reduction procedures. Social Security and eight other programs are totally exempt from any reductions under the sequester process. Four other programs have specific limits on the amount they can be reduced under the sequester process.

I oppose exempting any spending programs from the automatic spending reduction process. Since this measure was first introduced in the Senate, the exemptions have grown in number. We cannot hope to achieve meaningful deficit reduction unless all areas of spending are on the table, and if we are going to avoid the sequestering we are going to have to deal with all spending categories.

In my opinion we are going to have to deal with revenue. When certain areas are exempted, the burden of the cuts is shifted disproportionately to other areas, such as nondefense programs which are not entitlements, or to defense.

Second, Mr. President, the conference agreement continues to favor spending cuts over revenue increases as a way to reduce the deficit. The emergency spending reduction procedures only cut spending—they do not increase revenues. Just as we should not rule out large areas of Government spending for reductions, we cannot rule out revenue increases if we are really serious about deficit reduction. I trust we will not rule those out next year.

Third, this deficit reduction legislation focuses only on near-term deficit reduction measures and ignores longer term, fundamental changes in Federal spending that need to be addressed as part of our deficit reduction efforts. For example, this legislation does not include a mechanism to force Congress and the President to review the relatively uncontrollable entitlement programs. The automatic spending reduction mechanism allows the President to reduce or eliminate cost-of-living increases in entitlement programs, but it does nothing to force Congress to review the basis for the underlying entitlement.

I also believe it is a mistake to submit to sequestering some types of cost-of-living increases, for example cost-of-living adjustments for military and civil service retirees, while sheltering from the sequester process other cost-of-living increases, such as Social Security COLA's.

Finally, Mr. President, the enforcement mechanism in the legislation—the automatic spending reduction procedure—is a train wreck waiting to happen. We may have postponed the train wreck until next October by setting a limit on the amount to be sequestered next March for fiscal year 1986. But beginning with fiscal year 1987, unless the President and Congress have met the deficit reduction goal in an affirmative manner avoiding the sequester, this enforcement mechanism will very likely force the President and the Congress to choose between:

First, immediate spending reductions that would harm our national security and damage domestic programs; and

Second, changing or repealing the legislative requirement to make these cuts.

This means that the Gramm-Rudman-Hollings legislation fits the description that Senator Howard Baker once used to characterize President Reagan's fiscal plan: it is a riverboat gamble and we should all recognize it.

Finally, Mr. President, I am hopeful that this legislation will ultimately force Congress to put together a responsible deficit reduction plan. The President's public comments on this legislation indicate that he continues to oppose any tax increase and to support a 3-percent increase in defense spending. I have to admire President Reagan's tenacity but not his arithmetic. Congress could very well face a situation next January in which the President sends up a budget proposal with drastic cuts in domestic spending far beyond what the Congress will ever support, real increases in defense spending, and no tax increase—just as he has for the past 2 years. Like its two predecessors, this budget will be dead on arrival. It will then be up to Congress to make the tough decisions to produce a realistic budget that reduces the deficit and avoids the impending train wreck of the automatic sequester process.

I have been particularly concerned about the impact of this legislation on national defense programs. Defense cannot be exempt from any deficit reduction measures but we have to remember that the defense budget is one area of the Federal budget where it is very difficult and disruptive to get near-term outlay reductions.

Let me state parenthetically that I will not support the proposal of the Senator from Alabama, although I understand his intentions and I think he is very sincere and dedicated in pursuing those intentions. If we are really serious about deficit reductions, we simply cannot exempt large spending categories like defense, just as we should not have exempted those portions already exempted.

The Gramm-Hollings-Rudman provision is a very, very onerous way and a damaging way to deal with defense spending.

Enactment of this legislation virtually guarantees a $5 to $6 billion cut in Defense outlays which translates into a $15 to $18 billion cut in budget authority for the Department of Defense this fiscal year, not next year. This fiscal year has already started.

If we assume that the conference agreement on the continuing resolution for fiscal year 1986 splits the difference on defense spending between the House and Senate figures, setting

budget authority at approximately $297 billion, Defense budget authority for fiscal year 1986 could be held at approximately $280 billion after the sequester takes place. This would be $13 billion below the fiscal year 1985 level of $293 billion, and would represent negative growth in national defense budget authority of 7 to 9 percent in fiscal year 1986.

I do not know whether or not the President recognizes this. According to press reports, he has talked about maintaining the commitment that Congress made to the President on defense spending. Well, Mr. President, I have news for the White House. That commitment is already going by the board. It is my understanding that everyone has been frank with the President in telling him that commitment is no longer valid if he signs Gramm-Hollings-Rudman. If he signs this legislation he himself will be implicitly endorsing a change in the underlying commitment.

I do not know whether my colleagues realize the impact, but the way I evaluate these figures, in fiscal year 1986, when it all plays out in February or March, we are going to have a 7- to 9-percent reduction in real defense budget authority in fiscal year 1986.

Mr. President, we will be half way through the fiscal year when these cuts have to be made. Compared to the President's original budget submission for fiscal year 1986, including the cuts we have already made, defense will be cut $35 to $40 billion this year. Cuts of this magnitude cannot occur without hurting our national defenses. There will be some harm. The President maintains that he will ask for a 3-percent real growth in fiscal year 1987 as agreed to in the fiscal year 1986 budget resolution.

Again, I admire the President's tenacity, but I question his arithmetic.

After the sequester process for fiscal year 1986 is completed, it is entirely possible that a 3-percent real growth in defense budget authority for fiscal year 1987 could be at roughly the fiscal year 1985 level of $293 billion because of the reductions in fiscal year 1986.

In other words, 3-percent growth has to be calculated from some base level of spending and the base that has been used in the past to compute real growth is the base of the previous year's final budget authority for defense as represented by appropriations. The sequestering process this year will likely result in a budget authority base of $280 billion. If the President submits a 3-percent growth from that base next year, then he will still be below the fiscal year 1985 level because of the very serious reduction in the base this year.

However, if the President insists on submitting a budget request at the level assumed in this year's budget resolution, he would have to request $322 billion in fiscal year 1987. Compared to the base level of $280 billion, this would be portrayed, based on the final sequestered number for 1986, as an 11-percent increase in real terms.

Can we imagine next year the President coming over with a budget where every other category is going to be very seriously cut and asking for what will be portrayed, and I emphasize those words because in numbers it would not be accurate, as an 11-percent real increase in defense? I can see the headlines now, and I can hear the outcry in the country.

I hope that the President of the United States would begin to look at these numbers and would take these numbers seriously. I know he is committed to national security. But so far, their computations indicate that the White House itself has not done its homework in this area. Alternatively, the public statements being made are simply out of touch with reality.

And this is not going to be a 1-year deviation. Despite the President's claims that he intends to maintain a 3-percent real growth increase in defense spending, Defense will shoulder 50 percent of any sequester cuts, and I am concerned that Defense will be forced to bear a large part of the spending cuts in coming years to get down to the deficit reduction glide path established by this legislation. This unfortunate prospect is almost inevitale as long as we exclude large areas of spending and taxes from solutions to the deficit problem.

In the final analysis, President Reagan ran on three major goals: A buildup in defense; a reduction in taxes; and a balanced budget. In his first 5 years, he has largely ignored the third goal—the balanced budget. This Gramm-Rudman-Hollings legislation will require that the President remember this last goal by sacrificing goal No. 1 or goal No. 2.

This legislation will intensify some of the current distortions within our Defense program. Currently, DOD starts more programs than it can afford to buy efficiently. Yet because the sequester process prohibits program terminations, any sequester will result in slowdowns and stretchouts to existing programs and increase the inherent efficiency in Defense procurement programs. The compromise permits some programs to be cut up to twice the percentage of others. This invites disproportionate stretchouts in efficient programs when dollar levels are greater in order to protect a larger number of smaller, less efficient programs. DOD should be permitted to terminate marginal programs and to maximize efficient production lines.

The Defense Department must realize that we will face a new world when this legislation becomes the law of the land. Hard choices are a critical necessity. Defense officials must be ruthlessly realistic when they prepare the fiscal year 1987 Defense budget to insure that we don't perpetuate and worsen the persistent problems of production inefficiency in the Defense Department.

The challenge we all face in the coming years is to find ways to increase our defense output within the constrained resource environment which this legislation forces upon us. It is essential that DOD do a better job of setting budget priorities than they have to date.

I will vote for this. I do so with great reluctance, however. Unless this legislation produces a sobering effect in the White House, which thus far is not apparent, we are not going to get the kind of budget next year from the White House that would indicate we are really going to comply with this legislation without having the train crash.

Earlier I heard the Senator from Arkansas say today he is voting his hopes rather than his fears. I think that expresses well my views. We have to hope that all of us will work together to avoid what could be a very damaging situation in terms of national security. I am sure others will voice their opinion on this matter. I would tend to agree with them because we are going to have to have across-the-board sacrifice if we are going to avoid this train wreck which we are now setting up in this legislation.

Mr. WEICKER addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. WEICKER. Mr. President, insofar as Gramm-Rudman is concerned, it is prestidigitation, not legislation. As I am a Senator and not a magician, I intend to vote against it.

The real pitfall can best be exemplified by the following example.

Social Security is one of the politically protected programs insofar as what we are doing for the well-being of the elderly of this Nation. Yet, because of Gramm-Rudman and the protection of Social Security and some other safety net programs, I can assure my colleagues that the elderly of this Nation are in fact going to be placed in great jeopardy so far as their well-being is concerned.

Why? Because when it comes to the health of our elderly, that is one of the provinces of the National Institutes of Health. I dare say that 99 percent of the American people have never heard of the National Institutes of Health, and if they had, would be totally unwilling to make NIH a political issue. At the present pace of medical science, I would expect that the average life expectancy, which is now roughly 75 in this Nation, is going to jump to 85 by the year 2010 and bring

with it all sorts of ailments and diseases unheard of today. How many of my colleagues know, for example, that out of 127 medical schools in this country, only two have departments of geriatric medicine? Two.

The point I am trying to make here, Mr. President, is that with an instrument such as Gramm-Rudman, which is a political instrument, the real concerns and the solution to those concerns is not only in the politically protected programs, but also in the unheralded ones. It requires some understanding to realize the impact on these programs, but what we have instead is some slick advertising. They are the ones that are going to get cut—and cut badly—under Gramm-Rudman.

They will get cut badly because of the exceptions already made by Congress and by the procedure itself. So, if there are those of the elderly who feel comforted by the fact that their Social Security is protected, I can assure them that their health and their future are not and they will not be, either.

I have cited just one small program in one area of this Government's responsibility. The same can apply to the retarded, to the disabled, to those who suffer from cancer, from heart disease, from Alzheimer's, from diabetes, and so on down the list. And it applies to those who are economically disadvantaged, as well.

We are not talking about welfare now; we are talking about opportunity in terms of economics and in terms of a full life. There is going to be a price to be paid and unfortunately, it will not be paid by the politicians who are going to campaign throughout the United States in the year 1986, saying, "I voted for Gramm-Rudman, I am for a balanced budget." The price will be paid by the weakest most delicate elements of our society, indeed by the Nation as a whole.

There are no terms or cliches or slogans that can make real to the American people the impact of Gramm-Rudman on the elderly. But its effects will be real enough. And these matters are going to become more so as politics takes precedence over priorities. I hope that the bill is defeated and that we get to the real business of taking care of people and exercising fiscal responsibility.

Mr. DODD. Mr. President, let me briefly state it is purely coincidental that I happen to be rising to address this matter following my friend and colleague from Connecticut. Too often, we use those words, "friend and colleague" as a sort of Pavlovian gesture before we make statements, but I mean those words, "friend and colleague," as sincerely as I know how to express them. It is that unique circumstance as well that we find ourselves in because, on most occasions in my 5 years here, we have joined forces on issues. But today, we find ourselves in a different position where we are opposing each other on this conference report, the Gramm-Rudman conference report.

The irony is not just that we will be voting differently and come from the same State. The irony is that we are taking the positions we are taking for basically the same reasons. It is my deep concern over what has happened to many important Government initiatives over the last 5 years that has caused me to become a cosponsor early on of this Gramm-Rudman proposal. I have spent the last 5 years as a Member of this body trying to reduce the level of cuts. God forbid anyone should actually suggest a new authorization, a new idea, adding some funds to a program because of the rising cost of living to meet the demands and needs of people who depend upon the Government—be it the elderly or housing, education, health care—a long list of Government initiatives that have enjoyed bipartisan support for many decades in this country. My concern is that if we do not come to terms with the present deficit problem we face, the problem that my good friend and colleague from Connecticut has just spoken of will not disappear; it will become worse.

Not only will the National Institutes of Health and other such worthy recipients of Government assistance continue to feel the blade of the budget knife, but in the coming years, if we fail—as we have—to come to terms with the budget deficit problem, the blade on that knife will grow sharper and the cuts will run deeper, to such a point over the next 4 or 5 years that I think we shall find, should we not adopt this position, that many of these worthy efforts will exist in name only.

So, Mr. President, for that reason, I have been willing and have decided to join as a cosponsor of this proposition. It would be absolutely ridiculous for any of us to suggest to each other or to our constituents that they will not be touched, that this proposition will not fall on them. It will even if we do not reach the point where the automatic provisions of Gramm-Rudman go into effect.

Every single one of our States will feel this. Almost every single constituency group will feel this.

The question for this Member of the Senate was not whether or not this would have a negative impact on our constituencies over the next 4 or 5 years but whether or not we could possibly work our way out of this situation over the next 4 or 5 years and avoid the impact that would be far more profound, far more significant, far more deleterious to our States and our constituencies should we fail to act.

I have heard many Members today suggest that this idea is one that we should not be supporting because of its restrictive nature, that it is a testimony to our failure to come to terms with this problem through normal procedures. I agree with all of that.

I also agree that we are going to have to make some tough decisions. The easiest vote we will cast is the vote this afternoon in support of this proposition. Then the real work will begin in the coming months as we have to implement and vote to see to it that we meet the targets identified in this piece of legislation.

So, Mr. President, while all of us have reservations and concerns about what has occurred here, I believe that for the very reasons I have tried briefly to express this afternoon Gramm-Rudman will do more if it works to assist this country in the long term to make it possible for Government to once again become an active participant in improving the quality of life for many people. If we live with the status quo, the agenda of those of us who believe that Government does play an important role in the lives of people in this country I think will be felt for decades to come, not years to come.

For those reasons, Mr. President, I urge the support of this conference report. I yield the floor.

Mr. CRANSTON. Mr. President, I will vote against the resolution to increase the debt limit because it carries a proposal to reduce our horrendous deficits by unthinking, unnecessary, unwarranted and perhaps unconstitutional means.

I am convinced that Congress can act reasonably and sensibly to reduce the deficit and balance the budget, and I will continue to work diligently toward that end. I want to avoid the irrational cuts which Gramm-Rudman would automatically trigger if Congress fails to reach the deficit reduction targets.

Gramm-Rudman gives a single person—the President—too much power to decide how much the Nation should spend and for what purposes.

I oppose giving this President—or any President—that much power.

The separation of powers between the Congress, the executive, and the judicial is the most important constitutional guarantee of our liberties—along with the Bill of Rights. I do not intend to contribute to the loss of power by Congress while I serve in this institution, nor will I contribute to the creation of an all-powerful Presidency.

I yield the floor, Mr. President.

Mr. PACKWOOD. 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. HOLLINGS. 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. HOLLINGS. Mr. President, while we are waiting for other speakers to come to the floor, I have a few comments to make.

I want to address the point of the forecasts of doom being made by all the opponents of this measure. The truth of the matter is that we have a trillion-dollar budget, and all that is asked by the Gramm-Rudman-Hollings legislation is that we cut back on the deficit by some $36 billion a year for the next few years.

If anyone thinks that is impossible, they should go to the Congressional Budget Office and realize that we will have increased revenues of some $75 billion a year for the next 4 to 5 years. So, in one aspect, we are asking that 50 percent of that be allocated to reducing the deficit.

Another way of looking at it, is that if the Congress had adopted the budget freeze which I have proposed for 4 years—1982, 1983, 1984, and 1985—including if we froze tax expenditures, we would also easily pick up $30 billion. If we froze spending we would pick up another $30 billion.

So, what Gramm-Rudman-Hollings does is not require the impossible or mandate cuts or ruin defense or destroy the safety net of social programs. It just says, in a neutral sense, we are not increasing or decreasing taxes, we are not increasing or decreasing spending, but we are going to have truth in budgeting.

The lack of truth in budgeting is why we have gotten by with the charade of what a magnificent job we have done each year on the budget, how we have cut the budget and brought the deficit down—only to learn later that on average, the deficit has increased about $20 billion each year. I'm glad I never supported any of those budget resolutions.

So it is that we all have been given a dollar's worth of government for 75 cents, and we need the attention now of the media to keep our feet to the fire.

It is an awfully complex mechanism, the Federal budget process. But we have guidelines and procedures, and within those, hopefully the average journalist can easily determine that by a certain date, a certain report will come, and by a certain date a committee of Congress is going to act, and by a certain date the Congress will have to act.

Under our proposal, by the end of the fiscal year, we will have to put in place a deficit reduction budget, with the priorities selected by the Congress, have three readings in the House, three in the Senate, knowing that the appropriations bills and other legislative initiatives established by the budget resolution must be passed in accordance with the provisions of the resolution or a sequestering of funds will occur in order to reach the deficit goal for the year in question.

Of course, we hope that the press will look at this not as a fraud or as a gimmick or as a sham or as whatever else it has been called. It is complex because the Federal budget itself is complex.

It has been done with genuine intent, and there is no question that it withstood the wrath of those who would not agree with its objectives.

As I stated earlier today, we have had the best of minds working on this. They have studied it and improved it each step of the way. There is no doubt that we will find in experience during 1986, once it is adopted this evening, that we will be improving it even further.

I hope, as men of goodwill and truth, we will be able to say that the charade is over, that we are going to have truth in budgeting. We have forced a discipline, and let us adhere to that discipline on both sides, in both parties, not only in the Capitol, but also with the President and Congress working together to try to bring down the interest rates and get the growth in the economy that this administration has yearned for from the beginning of its term.

We are in dangerous waters. There is no question that the market reaction we have been seeing has been coming about because Wall Street has been talking to Senator DOMENICI and Senator PACKWOOD. The financial minds have been in Washington, carefully studying this procedure, and they have seen the momentum behind it. They are anticipating that, once and for all, we are doing something real and constructive and interest rates will be coming down.

I attribute the brilliant work of Senator PACKWOOD and Senator DOMENICI to giving realism to a good idea that we had 3 months ago in this long and tortured document. It is detailed, and it is very difficult to follow, but let us not continue with the onslaught of fanciful articles.

I do not have the articles with me, but the Washington Post had an article that it is unconstitutional. Another article said that defense is going to be devastated.

In another article, they changed the name around for the purpose of gimmickry editorially, that Rudman-Gramm is sham and fraud and a trick. That is not a very intelligent contribution to the fiscal dilemma we have found ourselves in over the past several years.

On the constitutionality of it and the delegation of powers, let me say, in the first instance, having experienced the power at State level, no Governor wants it. I have never seen the media go back to the legislature and say the legislature cut a certain program. They all refer to it as the Govenor's cut. The media names the particular Governor. That Governor, in a ministerial fashion, has to do that cutting; and every time from there on, the litany and the news reports, editorials, and otherwise, always refer to the particular cut by the Governor. So there is no popularity in the cut.

It is not one of those constitutional powers that we have given to the President that he would yearn for. He cannot eliminate a program. He cannot take from one and increase another. It is a 50-50 split between defense and social programs.

I think that the conferees have done a masterful job in keeping it within the confines of impartiality and not a reallocation of the powers but rather, on the contrary, a ministerial duty on behalf of the President.

With respect to defense taking a cut in a similar fashion to domestic programs, let me tell you what I would do if I were the Secretary of Defense. I would take every one of those centralized bureaucracies in the DOD, such as the DLA, DCAA, OSD, and the others and make big restrictions in staff. They have increased by thousands and thousands of employees. When the Reagan administration came in we cut our senatorial staffs 10 percent. But over in the Pentagon we have added about 120,000 civilian employees.

Mr. President, if they appointed you or me Secretary of Defense in the next 10 minutes the first thing I would ask is to fire half of that top heavy crowd in order to get a grasp and a hold on the situation and move toward a meaningful administration of that bureaucracy. It is bigger than any Secretary can possibly handle. I have had documented and will during the appropriate defense debate have a sheet of paper that will reach from one side of the Senate Chamber to the other side of the Senate Chamber that details the different organizations and personnel that stymie effective management in DOD.

It is just outrageous and the most outrageous aspect is the cost of defense personnel. There are many reasons why we need to abolish the AVF. By the year 1991 or thereabout, instead of getting one out of every five available 17 to 22 year olds, by 1991 we are going to have to get every other one, 50 percent of those eligible. That is not going to happen. They are not going to volunteer.

So in the next 5 years we should be edging up on the real personnel needs of our Department of Defense.

As we edge up toward that, we should reinstitute the Selective Service System and have a universal call for duty without all the gimmickry and exemptions that we had during the war in Vietnam.

We should be moving in that direction. We should be cutting out the top-heavy civilian crowd. And finally, we should look at the numbers of generals and admirals in service. We have more generals now with the 2 million-man troop force in comparison to when we had 12 million under arms in World War II. There are many, many economies that can be instituted in the Department of Defense.

So we are going to take care of the personnel. We are not going to disrupt important contracts. We are not going to vitiate or void the obligation of a contract. And defense can keep on putting out these particular signals that we have devastated defense. We are just going to bring accountability to the Department of Defense.

I am glad at this point to yield to the distinguished chairman.

Mr. PACKWOOD. Mr. President, it is my intention in a moment to move to table the amendment of the Senator from Alabama to recommit, and I am waiting just a moment for him to come from the Cloakroom. I told him I would not make the motion until he was here.

I announce to those who are listening I do not know who is left who wants to speak. There are two or three names of Senators who indicated they wanted to speak. They have not spoken yet.

After the motion to table the motion to recommit, and I expect the motion to table will pass by a substantial margin, it will be my intention to move to final passage unless there are other speakers who very much want to speak.

For the moment, I am going to suggest the absence of a quorum and then move to table very soon thereafter the motion to recommit.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. EXON. 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. EXON. Mr. President, I have been listening with keen interest to the versions of the basic bill before us by several of my colleagues, and I was somewhat encouraged at times by some of the comments that I heard. I anticipated that after the considerable recitations by several of my colleagues for reasons to oppose Gramm-Rudman that they had changed their mind but in the end I found that with hesitation they were supporting it.

There are no surprises in the speech that I am about to deliver. I am against Gramm-Rudman. I have been against it from the beginning and I remain opposed. So there will be no surprises. While I hope, like the rest, I think we have to have some reality along with hope.

Mr. President, the record of this Senator is clear as a determined fighter for fiscal sanity and against mushrooming deficits. Nothwithstanding that, I cannot, in good conscience, buy a "pig in a poke."

This is the day of "The Great Escape." The headlines tomorrow will likely lead Americans to falsely believe a historic action, a happening, has magically taken place in Washington. Not 1 in 10 Americans now understand that this Gramm-Rudman fiasco is a carefully and clandestinely designed cover for busting through the $2 trillion debt ceiling limit. Mind you, Mr. President, that since 1981 this Nation has plunged into the depths of never-before-imagined deficit spending. We have doubled our national debt in 4 years. This administration, widely and falsely perceived as fiscally conservative, has created more debt than all the previous administrations combined.

When President Reagan assumed office with an explicit promise to balance the budget by 1984, every man, women, and child in the United States owed as their per capita share of the then just under $1 trillion amassed debt, $5,000. Today, that figure has doubled to $10,000 each with the $2 trillion debt. Mr. President, my six grandchildren, plus two more on the way, object. They simply cannot afford it.

We have been sold a bill of goods with the so-called laughable curve, sometimes known as the laffer curve, and growing our way out of the deficit. We now recognize it as nonsense. We languish in the incredible belief that those who got us into this mess have the knowledge to get us out. "The day of the great escape" is here and it is December 11, 1985. They have concocted an escape from the political penalty of their actions by cleverly concealing their vote to bust through the historic $2 trillion debt ceiling by covering their tracks with an unworkable concoction known as Gramm-Rudman. This purports to balance the budget in the future in what I view as an unworkable straightjacket.

Mr. President, this is another December and it may be another day in infamy. The first was by a foreign power. This December we are doing it to ourselves. This is a day in infamy when the Senate, the supposedly most deliberative body in the world, is about ready to shoot itself not in the foot, but in the head.

No one can say this is not a hastily designed piece of legislation devoid of customary committee consideration, hearings, and approval. The only record established is that we have a problem in not having enough votes to pass President Reagan's request for a further increase in the debt ceiling to over $2 trillion. This concoction is a political way out of a political problem and as such is so suspect on its face as to not deserve consideration. Possible constitutional questions are brushed aside.

In another sense, Mr. President, this is "The Day of the Condor" in the Senate. This measure will surely set loose the vultures to plunder the basic readiness of our national security structure, while simultaneously launching the most expensive national defense system in history, the multibillion dollar SDI Program, on top of firm promises to not interrupt other multibillion dollar additions to other complicated and expensive defense initiatives, we can be assured the vultures will prey on readiness. They always have and they always will.

Since over half the budget, to satisfy basic constituencies, has essentially been expempted from meaningful cuts to reach the "pot of gold at the end of the 1991 rainbow," other programs, including agriculture which is now in a desperate economic straightjacket, will have to be devastated. This mentions only one domestic program, and as we all know, there are many others.

What do we do? We act responsibly by defeating Gramm-Rudman on this day of days in the U.S. Senate. We return to our senses, pass a temporary debt extension, and return this ill-conceived legislation to a responsible committee for major overhaul, if not total rebuilding.

Mr. President, my grandchildren and I are concerned and want considered action, but not destruction. I will vote no and encourage my colleagues to do likewise and not get caught up in this pretext for progress on the deficit. Mr. President, I urge thought and not thoughtlessness. Let us not sell America short for the expediency of covering up the vote on the $2 trillion debt ceiling increase. It will all come out sometime, although it is the best current kept secret in Washington and in the land.

(Mr. GARN assumed the chair.)

Mr. STEVENS. Mr. President, I have been involved in the conference committee on the continuing resolution and I have missed some of the explanation here. But I have come to the floor as chairman of the Defense Subcommittee to ask a couple of questions and I hope that I can get some answers. I am concerned that the new version of the Gramm-Rudman-Hollings proposal now removes any incentive during the appropriations process for reductions that can be achieved in

either defense or nondefense expenditures.

By that I mean, let us just assume that we had a $300 billion defense authorization and that, by virtue of our committee hearings, we could develop proposals to reduce that by at least 10 percent and we did reduce it 10 percent. We came in $30 billion below the budget.

As I understand this bill before us, even though we did that, when the deficit goal was computed and this triggered, there would be half of the remaining deficit assessed to the defense area. Let us assume that that would be a $40 billion total amount. We would take $20 billion of that in addition to the 30 we had already taken.

Under those assumptions, if we had not taken the $30 billion reduction that was legitimately discovered in the course of the hearings and came in at the budget level of $300 billion, and there was a $75 billion deficit, we would take half if it. So, instead of taking a $50 billion reduction in defense, we would get a $37½ billion defense if we sat on our hands all year and did nothing.

Now the same thing works in nondefense. This is not a defense versus nondefense issue. The question is, where is the incentive in the Gramm-Rudman proposal now to bring about legitimate reductions in the budget, wherever we locate those reductions, prior to the Gramm-Rudman trigger? We get no credit whatsoever at the time that later reductions are made.

Other portions of the budget could well be over the amount of the budget, at least they could be at the budget level. Those that have done their work and dug in and held hearings day in and day out and made reductions are going to face the same result. As a matter of fact, it is a worse result than if we had just gone through and rubber stamped the authorization proposal, fully funded it, and brought it to Congress and had it approved.

Now, I ask my good friends who are backing this version now, why is there not some incentive for reduction below the budget ceiling in the normal course of events here preserved as far as this proposal? It was in the original proposal and it is not there now.

I understand the Senator is saying this was not there. The original proposal I saw was that the reduction came from the budget level and if there was a $30 billion reduction that had to be made, it would be across the board. Then we started exempting some of them and now we have islands of immunity, 50 percent on defense, 50 percent nondefense. But no consideration whatsoever to the reductions that were made in the bill.

Mr. PACKWOOD. Mr. President, the Senator from Alaska has put his finger on a genuine problem. The Senator was wrong about it being in the original bill. We tried to figure out a way. At one time, we did consider a process by which the sequester would be against those programs that exceeded the budget level of the congressional budget, but it would not operate against those that were below it. And defense was below it and it would not have operated against it. We tried and we tried and we tried, to Senator DOMENICI's credit, Senator GRAMM's, and everyone else's, to come up with a process whereby you could give credit for reconciliation or credit for savings or credit for staying within the budget. We could not draft it. We gave up on trying it for 1986 because we are so far into this year that, whatever we do this year, the process is going to be an aberration.

All we can say is everyone is in the same boat together.

And the Senator correctly expressed the attitude and others will express the attitude, everyone who loves the Medicaid Program and loves every other program, of why should we go through a normal budget process and cut, why should we go through a reconciliation process and cut, because if we do, all we are going to get is get cut further because we did our duty, and those who do not do it will not get cut as much. That is a problem to which I do not have an answer, except we are all in the same boat together.

Here is what I imagine may happen: When the President brings his budget to us for 1987, he is going to have in the budget a 3-percent-above-the-rate-of-inflation increase, a 3-percent real increase, 6 percent or 7 percent, depending on the rate of inflation. He will not have a tax increase and he will meet the $144 billion budget totals. He will do it by suggesting the termination of 30 to 50 domestic programs, at an average cost of about $1 billion apiece; some of them more, some of them less. And whether it is 30 or whether it is 50 will depend upon how much he has to cut to reach the $144 billion total. That is the budget that will come to us.

We will go through January, February, and March and there will not be any action in Congress. We will not have passed any authorization; certainly, no appropriations by March or April, including the military appropriations.

At some stage, the President is going to begin to worry about the levels of defense, as will many of us in this body, and at some other stage some people are going to begin to worry about whether their favorite domestic programs might be sequestered. There is going to be some furious bargaining and negotiating between the President and the House and the Senate, Republicans and Democrats, liberals and conservatives, which I believe will bring out the best, not the worst, in us, because we are all going to be driven by having to reach that $144 billion total, whether it is by cutting domestic programs, defense, raising taxes, or whatever.

Can any of us guarantee the process will work? No. If worse comes to worst, if nothing else happens, the program sunsets, Gramm-Rudman-Hollings sunsets in 5 years, it is over, And we will go through 5 years, if nothing else happens, of no budget and sequester every year until we get down to zero. Defense will start from the base level that it now has, Medicare will start from the base it now has, and everybody else will start from the base, except for those who are exempt from sequester, and be sequestered.

I cannot believe that this Congress or the next Congress is going to just throw up its hands and say, "Oh, what the heck? Why make a tough vote? Why should I vote to cut defense, when I have got a military base in my State? Why should I vote to reduce expenditures for title I education 3 percent when the President can issue the sequester order? There will be a uniform cut and I can point my finger at him and say it is his fault and we will get to the same deficit totals anyway."

If we reach that, this Congress has abrogated any glimpse of authority or responsibility that it has for him to make discretionary cuts because he cannot cut Amtrak and keep the MX, he cannot cut the EDA and keep UDAG. He will have to cut across the board without discretion, and every program will be presumed to have exactly the same merit as any other program. I cannot believe that will happen.

I am convinced that you are not going to see the sequester process happen except as it happens because there has been a slight change in economic estimates which is in essence the same kind of a sequester that a Governor makes where you are off a few percent on your total because your economic assumptions were wrong. But I cannot believe this Congress will fail to face up to its responsibilities on the major budget decisions in negotiating with the President because he can veto where we spend more than he likes. But he cannot spend money we will not appropriate.

Mr. DOMENICI. Will the Senator yield? May I make a further explanation?

Mr. STEVENS. I would like to make my points and leave. I have to go back to the conference in 15 minutes.

It seems to me the impact of what the Senator from Oregon said—and I will listen to my friend—is that we have given up on finding the answer to the real basic problem here; that is, what is the incentive, to cut the budget in the first instance? If we all have that incentive, we would not get

to the Gramm-Rudman trigger. I always thought we would work out something that would give us that incentive.

Mr. DOMENICI. We have.

Mr. STEVENS. I remain to be convinced that we have it.

I think we can develop it, and if the Senator is convinced that the Senate is behind him, he can still do that. I do not see any reason for the assumption that many people have that this automatically is going to lead to a tax increase. There are some things we can do that will substantially reduce defense costs if the country had the will to do them.

The Senator from Mississippi I see is here. If we could change our whole defense policy to rely more on the Guard and Reserve, and demand our commitments to NATO with the Guard and Reserve and not by permanent personnel, we could have a substantial reduction in costs of the NATO commitment. If we did that, we would effect substantial savings in the budget.

But, again, all I say is, if we effected those substantial savings, we would still take the further reduction that would affect our readiness because the other portions of the budget had not done the same thing. They will not have reduced the budget. Then we come back in here, and we have 30 days after that trigger takes place in the years after 1986, as I understand it, for Congress to adjust those figures; Congress to do something different than what is spelled out in this sequestration order.

All that means to me is 30 days in which the defense budget will be reduced further. That is where the answer has been ever since we started the budget process that the reductions have primarily come in defense, and they are coming in defense again this year. We are looking right now at a bill that is going to be probably in the vicinity of minus 3 to 4 percent real growth. That is even before this trigger hits us.

Will the Senator from New Mexico tell me how much can I tell the conference will be the automatic reduction cost by Gramm-Rudman in terms of the Defense bill when it comes into effect in February?

Mr. DOMENICI. The Senator can tell them that the maximum will be $5 billion.

Mr. STEVENS. I heard it was $5.5 billion.

Mr. DOMENICI. $5 to $5.5 billion, depending upon the amount of savings from the retirment cost-of-living adjustments.

Let me say to my friend, actions that came after the budget resolution have caused defense to get cut. I hope the Senator understands that is not because of the budget resolution, but rather because the appropriations in the other body have moved money from military to domestic programs, and spent it there.

But, second, the Senator suggests there is no incentive. He pointed out that if Defense programs are cut during the normal budget process and non-Defense programs are not, this bill will require further cuts and Defense will be bit twice. That may happen in fiscal 1986 because we are starting this process in midyear. But next year, when we have this process in place from the start, no one is going to cut their program unless we have a budget—a budget that is binding—that meets the deficit goal of $144 billion.

That is going to be arrived at, as the distinguished chairman of the Finance Committee just said, by a lot of hard negotiating. And no one is going to cut Defense by $30 billion or any other amount unless we have a game plan that will assure the entire budget is carried out.

What is going to happen is we are going to have a binding budget resolution for the first time with all of the parts binding. That budget resolution will probably say that Defense gets cut, but it will also likely say that a whole bunch of non-Defense programs get cut. If those in charge of one program see that the required cuts in other programs are not coming through, they are going to do just what the chairman of the Finance Committee said: They are going to do nothing. They are going to let sequestration occur.

Mr. STEVENS. I am going to vote to recommit. The Senator from New Mexico just answered my question. That is what I was afraid would happen. People will sit around and do nothing.

I do not know why we cannot develop the mechanism for the reduction in the normal process.

Mr. DOMENICI. The Senator did not let me finish my point. I said, and I would like him to listen to this, if we do not have a realistic and enforceable game plan to reach the goal, there is no incentive to get the job done. But the fact that otherwise there is going to be this huge sequestering had better be an incentive to get the job done. If that is not an incentive, what is an incentive?

If Congress and the President do not come up with a game plan, everyone's favored program is going to get clobbered. Defense is going to get its share of the cuts in an arbitrary manner if we do not come up with a game plan. Tell us how there can be more incentive for the President and these two Houses of Congress.

Few will be inclined to sit around for 8 months once we know the deficit will be no greater than $144 billion and let programs be cut arbitrarily.

I submit this bill provides the greatest incentive we have ever had—not perfect, but an awful lot better than anything we have done before.

Mr. DENTON. Mr. President, will the Senator from Alaska permit me to ask the Senator from New Mexico a question on this subject?

Mr. STEVENS. I yield to the Senator.

Mr. DENTON. I ask the Senator from New Mexico, who I know has labored for so long and come out with what he thinks is the best he could come out with, if he would realize that my motion to recommit need not waste an hour in conference. Even if the Senator knows he cannot get that, it would represent a show to the world that the Senate of the United States is interested in trying to permit the President of the United States to at least express his opinion regarding that which should not be sequestered if sequestering caused harm to the national security. It might even be accepted by the House, since the vote by both Houses would only have to be a majority to overrule that prerogative of the President.

Mr. DOMENICI. I understand that, Mr. President. I talked with the Senator at length. Clearly, I support that. Frankly, I believe national defense is just as likely or more likely to get maximum funding under Gramm-Rudman than it is today.

Mr. DENTON. This takes belief out of it, though, my colleague, because it at least gives the President that small prerogative which we have otherwise pretty much taken away from him almost entirely.

Mr. DOMENICI. I believe we take away the chance of getting what we want—a balanced budget trend line and a mix of policies that will get this country to the right place—if we do what the Senator suggested.

Mr. STEVENS. Mr. President, one final question to my good friend. That is this: In the years that we have been involved in the budget process, we have appropriated less than the budget resolution for defense. We have never appropriated that level.

Mr. DOMENICI. One year we did, 1981.

Mr. STEVENS. That was because of the change of administration and change of levels. But in the years since then we have appropriated less than the budget resolution. In terms of this trigger and the way it is applied now, if that continuum goes out into the future in 1987, 1988, does not mean that defense takes a redundant cut if the others come in at the budget level?

Mr. DOMENICI. I would think not.

Mr. STEVENS. By definition we are in the position where if we do not have the concept of meeting this goal that is created by Gramm-Rudman, there is going to be a second hit, is there not?

Mr. DOMENICI. Everybody in Government, except the excluded pro-

grams, will be hit the second time if we do not meet the targets. That can happen in two ways, either not getting the job done or being untruthful or exaggerative in our economic estimates. If we miss the targets, everybody will be hit again.

If we are truthful in it and careful with regard to the fiscal year 1987 budget, you are still going to be OK. There is a $10 billion buffer in each year, instead of a $144 billion maximum deficit it becomes $144 billion plus $10 billion. If you come under that $154 billion maximum deficit target, nobody gets hit. But if nobody does their job, almost everyone's favorite program will get hit again.

Frankly, I cannot see any other way to do it. We tried in the past and failed. It is impossible to do it any other way.

Mr. STEVENS. There must be some way to give credit to those people who do their job. I come back to my original proposition. If we come in below the budget we still get penalized if the figures changed; whereas those people who come in above do not get penalized for being above and do not even get forced down to the budget level, as I understand it. Am I correct?

Mr. DOMENICI. No, they will be forced down now. None of those traditional laggards can now exceed the budget. As each one comes to the floor, the bill must either be on target or below it. If it is at or below the target, it is in order. Everyone will know that the next bill will have to fit or it will have to be cut. So you have a great deal more protection.

Mr. PACKWOOD. Mr. President, I move to lay on the table the motion of the Senator from Alabama to recommit and I ask for the yeas and nays.

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

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oregon. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], Senator from Arizona [Mr. GOLDWATER], Senator from Pennsylvania [Mr. HEINZ], and the Senator from Nevada [Mr. LAXALT] are necessarily absent.

I further announce that if present and voting, the Senator from Pennsylvania [Mr. HEINZ] would vote "yea."

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. BIDEN] and the Senator from Mississippi [Mr. STENNIS] are necessarily absent.

I also announce that the Senator from Florida [Mr. Chiles] is absent because of illness.

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

The result was announced—yeas 76, nays 17, as follows:

[Rollcall Vote No. 370 Leg.]

YEAS—76

Abdnor	Gore	Mitchell
Andrews	Gorton	Murkowski
Armstrong	Gramm	Nickles
Baucus	Grassley	Nunn
Bentsen	Harkin	Packwood
Bingaman	Hart	Pell
Boren	Hatch	Pressler
Boschwitz	Hatfield	Proxmire
Bradley	Hawkins	Pryor
Bumpers	Hollings	Riegle
Burdick	Inouye	Rockefeller
Chafee	Johnston	Roth
Cochran	Kassebaum	Rudman
Cohen	Kasten	Sarbanes
Cranston	Kennedy	Sasser
D'Amato	Kerry	Simon
Danforth	Leahy	Simpson
DeConcini	Levin	Specter
Dixon	Long	Stafford
Dodd	Lugar	Trible
Dole	Mathias	Warner
Domenici	Matsunaga	Weicker
Durenberger	Mattingly	Wilson
Eagleton	McConnell	Zorinsky
Evans	Melcher	
Ford	Metzenbaum	

NAYS—17

Byrd	Heflin	Quayle
Denton	Helms	Stevens
Exon	Humphrey	Symms
Garn	Lautenberg	Thurmond
Glenn	McClure	Wallop
Hecht	Moynihan	

NOT VOTING—7

Biden	Goldwater	Stennis
Chiles	Heinz	
East	Laxalt	

So the motion to lay on the table the motion to recommit with instructions was agreed to.

Mr. CHAFEE. Mr. President, I intend to support the bipartisan compromise version of the Gramm-Rudman-Hollings amendment. Regretfully, it appears that through its passage is the only way we can begin to resolve the most pressing domestic problem our Nation faces today—our massive budget deficit.

The deficit—still hovering at about $200 billion—has occupied more of the Senate's attention than any other issue this year, and well it should. Large deficits threaten our economic recovery. They make it difficult for manufacturers to compete in world markets. They hinder industrial expansion. And, most importantly, they mean fewer jobs for American workers.

If we can set the deficits on a downward path, every American stands to gain. This requires resolve on the part of both Congress and the President to make the spending reductions necessary to cut the deficits. It also requires a willingness to set priorities—to determine which Federal programs merit continued support, and which programs we can no longer afford.

At this we have failed. After nearly a year of continuous debate, there is little indication that we are serious enough about the deficits to make choices. Everyone agrees that to ignore the deficits will be ruinous for our economy. We have heard a number of compelling speeches about the urgency of getting the deficits under control. Yet nothing happens. Some say cut defense more but not domestic programs; some say cut domestic programs but not defense; some say we must have additional taxes. A majority cannot be mustered for any single viewpoint and the red ink continues to gush forth.

Since we are unable to agree on any formula which satisfies 51 Senators and the House and the President, we are now faced with a proposal which, if triggered, will please no one. I hope that the prospect of deep across-the-board cuts as envisioned in the Gramm-Rudman-Hollings plan will force Congress and the President to act quickly and responsibly to reduce the deficit. It apparently represents the only method for preserving the Nation's economic recovery, and for that reason it has my support.

The plan establishes binding targets for deficit reduction over the next 5 years and provides for an across-the-board sequestering process for both military and domestic spending if these targets are exceeded. A number of worthwhile programs serving needy Americans would be exempt from cuts: Social Security, Medicaid, AFDC, WIC, SSI, Food Stamps, Child Nutrition, and Veterans Pensions. Other health programs including Medicare, Veterans Health and Community Health would be protected from significant reductions.

Many of these are programs that I have worked to protect from the brunt of spending cuts during this year's budget process. However, a number of other important domestic programs are not specifically protected under the Gramm-Rudman-Hollings plan. I am deeply concerned, for example, that education, environmental protection, health research, and maternal and child health could be among those domestic programs to bear the greatest share of reductions.

In order to avoid the prospect of damaging cuts in such high priority programs, it is my hope that across-the-board reductions as called for in the Gramm-Rudman-Hollings plan will never be triggered. I intend to work diligently, as I did this year, to assure that worthwhile programs are not sacrificed merely because Congress and the President are unable to make hard choices.

One of these choices may be to increase revenues. I believe it is imperative that we do everything possible to reduce spending before considering new taxes. But it will be irresponsible for us to exclude new revenues from discussion. Such alternatives as a minimum corporate tax or a reduction in

tax preferences would not only produce revenue to help cut the deficit, but would help to assure that the burden of deficit reduction is spread more evenly.

The Gramm-Rudman-Hollings plan is far from ideal. But the deficit crisis is an extraordinary situation, with deeply troubling consequences for our economy. It requires an extraordinary solution. This amendment—although far from perfect—offers us a solution, and I believe it would be irresponsible for us to ignore it today.

It has been said that the Gramm-Rudman-Hollings plan means the end of the congressional budget process as we know it. This is a process which, though not perfect, does enable Congress to assign budgetary priorities and, through reconciliation, achieve responsible savings in Federal programs. It is my hope that the passage of the Gramm-Rudman-Hollings amendment will instead strengthen the existing process, resulting in greater willingness to bring Federal spending under control with the tools we already possess.

The Gramm-Rudman-Hollings plan thus poses to us an enormous challenge: to pass a budget which imposes the burden of deficit reduction as fairly and swiftly as possible. It is also an opportunity—to bring down the deficits and to assure that prosperous times will continue. This remains an opportunity we cannot afford to lose.

Mr. LEAHY. Mr. President, to preserve our indepedence, Thomas Jefferson wrote, we must not let our rulers load us with perpetual debt. We must make our election between economy and liberty.

Today, Mr. President, we choose the freedom to govern ourselves and not be controlled by our own indebtedness. More importantly, by passing the Gramm-Rudman-Hollings balanced budget plan today, we leave our children a future in which they may set their own priorities and choose their own direction, unbridled by the legacy of deficit spending which has transpired in these last 5 years.

Mr. President, I applaud the efforts of the House and Senate negotiators who worked tirelessly to make the final version of the Gramm-Rudman-Hollings deficit plan fair and responsible. They have fashioned a plan that retires the national deficit in 1991, while also protecting those programs which help the most needy—the programs that help make our society compassionate and civilized. And, for the first time in 5 years, the Gramm-Rudman-Hollings plan acknowledges that we cannot balance the budget without making economies in defense spending.

Specifically, the final version of the Gramm-Rudman-Hollings balanced budget legislation, the product of bipartisan cooperation, would require the President to submit a budget to Congress each year which reduces the deficit by $36 billion. In 1991, the President must submit a balanced budget. Congress must also pass a budget, reducing the deficit and then retiring it in this manner. Very significantly, this measure forces the President to specify how he would balance the budget and legally requires Congress to make its own tough decisions.

If Congress fails to reduce the deficit by $36 billion, the President may carry out across-the-board spending cuts as directed by Congress. He may not pick and choose which programs to cut, but must follow a formula established under Gramm-Rudman-Hollings.

Half of the cuts would come from defense spending, the other half from most domestic programs. Eight programs for the most needy and Social Security would be exempt from cuts. This is in keeping with our obligations as a caring society. In addition, cuts in Medicare, veterans' health care, and three other health care programs would be limited to 2 percent.

It is important to note, however, that the President should never have to order a spending cut, if Congress meets the deficit limits established under Gramm-Rudman-Hollings.

A provision has also been included which allows Congress to waive the spending limits in the event of a serious recession or war. This measure of flexibility is vital to maintaining the vigor of our economy and the strength of our defenses.

The Gramm-Rudman-Hollings balanced budget plan takes effect this year. The tough decisions will not be put off. Under the new law, the President must submit a plan to reduce the deficit for this year by an additional $12 billion. Congress must enact a plan of its own to achieve these savings by March 1, 1986, or else automatic spending cuts would be ordered by the President. The same rules would apply to those spending cuts: half from defense, half from domestic programs, except Social Security and poverty programs.

Gramm-Rudman-Hollings sets Government on the course toward fiscal responsibility. But, above all it promises an American future full of growth and opportunity and compassion for every member of society.

Today, we spend 14 percent of the annual budget making payments on the national debt, more than twice what we devote to educating the next generation, creating jobs, stimulating investment and scientific research, and providing services and economic opportunity to the disadvantaged.

If society is judged by how it treats its most vulnerable and needy citizens, what kind of society would we be if we locked ourselves and children into a cycle of debt, in which we would not have the resources to help poor Americans?

How civilized—how advanced—would we be if we could not afford to pay for the research that cures disease, for the research that turns arid plains into prosperous farm land?

How fair would we be, if all consumed by paying off the debt, we could not afford to provide needy children with school lunches that give them the energy to learn and compete and grow?

How strong would we be, if we could no longer afford as a nation to stimulate the risk taking that drives small business, and creates jobs and independence for those without them.

Finally, Mr. President, how free would we be if we could not choose to do any of these things, because we waste more and more money on interest payments? We may disagree, as Democrats and Republicans, as advocates of one program or another, as representatives of disparate States, on how to spend our limited tax dollars.

But, on one issue we are united. We should be free to choose how we spend our money, and be free to choose a direction for our Government. That choice should be guided only by democratic debate and decisionmaking and not by the artificial constraints of a Federal budget largely devoted to paying the penalty of past mismanagement and the failure to make tough choices.

Despite what some have said, Congress has begun making the tough choices. And there is no question that the choices ahead will be difficult. Some significant sacrifices will have to be made—sacrifices in virtually every program and endeavor of Government, including those which I support.

But, we have acted today and will make the tough choices in the next few years so that in the future the choice will again be which direction to take, which national energy to pursue, and not what to sacrifice, what to cancel, or what to cut.

Mr. RUDMAN. Mr. President, in reviewing the joint explanatory statement of the conference committee, I noticed that the following paragraph regarding section 274 was omitted:

> The purpose of subsection (e) of section 274 is to protect the public's critical interest in reducing the federal budget deficit by ensuring that funds sequestered pursuant to an order under section 252 of this title are not obligated or expended before legal action challenging such sequestration is finally disposed of. The conferees find that the interest of the public at large is much more compelling than the interest of a particular claimant in attaining slightly more rapid access to the funds at issue, which would normally represent only a small percentage of the total available funds. Were funds to be obligated or expended prior to final disposition of a legal action and the sequestration upheld, it would, both as a legal

51-059 O-87-3 (Pt. 26)

and practical matter, normally be impossible for such funds to be recovered.

Is it not correct that this paragraph had been agreed to by the conference committee and that its omission was accidental?

Mr. DOMENICI. The Senator from New Hampshire is correct. The explanatory statement of the conference committee should be read as if that paragraph were in it.

Mr. HATFIELD. Mr. President, today Congress will vote to adopt the conference report on Gramm-Rudman and with that vote will embark on the most dangerous departure from proper lawmaking I have witnessed in my 19 years in the Senate. With the laudable goal of achieving a balanced budget, Gramm-Rudman gives away fundamental congressional power the consequences of which will serve to undermine the legislative process of this great Nation.

Rather than spend time deciding which Senator or staff member should receive credit for assisting in formulating this legislative Pandora's box and then issuing press releases describing how each helped cut the deficit, I urge my colleagues to seriously consider what is lost by the implementation of this amendment.

Perhaps one of the most cogent articles I have read on the costs of enacting this legislation is David Broder's piece entitled "The Rudman-Gramm Balanced-Budget Sham" found in today's Washington Post. Rather than reiterating the points that are so aptly discussed by Mr. Broder, I simply urge my colleagues to read the article.

Mr. President, the time for directing blame for our deficit crisis has long passed. We delude ourselves if we actually believe that our budget deficit problem is the result of anything other than the basic failure of this body, and of the House, to make the hard choices inherent in formulating a budget. We were elected to act as lawmakers and policymakers, not spectators. Yet charades such as Gramm-Rudman make us that, and no more. I am concerned not only about the potential consequences of this amendment, but also about how enthusiastically my colleagues have embraced the results.

Part and parcel of exercising our congressional responsibilities is the need to give each program due consideration when setting fiscal priorities. At a minimum, Gramm-Rudman abdicates this responsibility. We violate the public trust when we deliberately fail to exercise the thoughtful analysis required of us when considering quick fix legislation such as this.

Mr. DOMENICI. Mr. President, before we complete action on the Gramm-Rudman-Hollings measure, which has occupied the Congress for much of the past 3 months, I would like to thank the many staff members who have worked to make this agreement possible.

Many staff have spent days and nights at their offices, especially in the past 2 weeks. Some have not been home at all for days at a time, and some have been home for only 2 or 3 hours a day. For several staff members, 20-hour days have become routine. As Majority Whip FOLEY said yesterday at the conclusion of this conference, the staff work was truly heroic.

I would like to thank by name everyone who helped, but I know that I would overlook many. However, let me start with a special tribute to Richard Lauderbaugh of the Senate's Legislative Counsel's Office, who drafted and redrafted the many versions of this bill. He and those in the Counsel's Office who worked with him were a critical part of getting the work we needed done. In addition, I want to thank Larry Filson of the House Legislative Counsel's Office; Mr. Filson, too, was invaluable in this process, especially in the hectic days of compromise and quick drafting.

The majority and minority staffs of the Senate Finance Committee, under the leadership of staff director Bill Diefenderfer and minority staff director Mike Stern, played key roles; and, the staff of the Senate Governmental Affairs Committee, especially Ms. Margaret Hostetler, worked willingly and well to help us.

The staffs of Senators GRAMM, RUDMAN, HOLLINGS, and the Senate Parliamentarian Bob Dove and his office contributed to this product and the minority staff of the Senate Budget Committee, headed by Minority Staff Director Richard Brandon, played an important role.

On the House side, I must thank the staff of the House Ways and Means Committee, especially Wendell Primus, and House Appropriations Committee staffer, Del Davis, both of whom worked extraordinary hours, under extreme pressure, and always with good grace and great effectiveness. The House Budget Committee staff Chief Counsel Pat Quealy contributed greatly to this product, as did the personal staffs of the majority whip, Representative FOLEY, and of the Representatives GEPHARDT, ASPIN, and PANETTA. In addition, other staff members from the House Budget Committee helped generously.

I save the most heartfelt of thanks to the majority staff of the Senate Budget Committee, headed by Staff Director Steve Bell. Mr. Bell was along with Sid Brown of the Senate Budget Committee staff, at the core of the entire staff process. Along with Mr. Bell and Mr. Primus, Mr. Brown and Mr. Davis bore the brunt of and directed and reviewed almost every aspect of the staff work. Senate Budget Committee Counsel Ms. Nell Payne was also involved throughout the process and played an enormously important role. I believe the entire Congress owes a debt of gratitude to the Senate Budget Committee majority staff and to all of the dedicated staff who have given of themselves to carry out the Congress' desires on this extremely difficult legislation.

Mr. LEVIN. This legislation includes a section providing the Defense Department with a modest amount of flexibility in fiscal year 1986 in terms of applying the spending reductions in the sequester order down to the level of program, project, and activity. During the conference committee's final session, the staff indicated that this flexibility applies on to fiscal year 1986 and that there is no intent for this to be a precedent for flexibility in the years beyond fiscal year 1986. Do you concur in that view?

Mr. PACKWOOD. Yes; I do concur in that view.

Mr. KENNEDY. Mr. President, I support this legislation, and I commend both the House and Senate conferees for the skillful compromise they have fashioned.

I am convinced that the only way to protect the important Democratic programs that I care deeply about is to bring the budget under control—so that we can have a genuine debate about America's priorities, instead of seeing those programs eroded, bit by bit, year after year, the good with the bad, the best with the worst.

For the past 5 years, President Reagan has used the Federal deficit—a deficit he largely created with his unbalanced economic program—as the excuse for wholesale assault on Federal programs, whether they are working or not. Now a procedure is in place to ensure that Congress will address the deficit responsibly; for the first time in this decade Congress and the country will have a true debate about America's true priorities.

I believe that as this debate unfolds, the American people will be increasingly convinced that the Democratic Party has the high ground, and that our Democratic approach—based on the twin essential principles of economic growth and social justice—is the approach that America must follow in the years to come.

Mr. DOMENICI. Mr. President, let me take a minute to clarify a point with regard to sequestration of existing defense contracts.

As you know, this bill permits the President to achieve some or all of the required savings for a defense program, project, or activity under a sequester order by proposing to modify or terminate existing defense contracts. Under the terms of this bill, if a sequester order requires savings, the President may send a message to the Congress and the General Accounting Office proposing savings in an existing

defense contract by modifying or terminating the contract. He must provide details on his proposal, and the savings claimed must be net of any additional costs incurred in that year as a result of the modification or termination. If the General Accounting Office certifies that the proposed savings are indeed achievable, the President may take them into account in his final sequester order regarding defense programs.

I understand there may be some concern that the President could propose a modification of a contract in such a way that he could claim outlay savings through stretchout or similar means without the necessity to cancel any obligational authority available under the contract. I want to make it very clear that the conferees intend that each dollar of outlay savings proposed by the President in such an instance be matched by cancellation of at least a dollar of obligational authority. This will help us to achieve real savings rather than simply a delay in the date outlays will occur.

If a proposed contract modification would achieve outlay savings, for example, by delaying production or stretching out delivery schedules without deobligating and canceling funds, the General Accounting Office should not certify that the proposed savings are valid. It is clear from section 251(d)(3)(E) of this bill that funds must be deobligated and canceled in order for savings from contract modifications and terminations to be credited toward sequestration.

Mr. ROCKEFELLER. Mr. President, I am pleased that the House and Senate conferees were able to reach agreement on this most important legislation. This has been a difficult and divisive debate, as the Congress wrestled with the broad ramifications of the deficit reduction course outlined by Gramm-Rudman for both the state of our economy and our national priorities. I think this process has resulted in some notable improvements in the legislation, and the final version provides significantly clearer direction from the Congress as to how any automatic cuts in spending required to meet the annual deficit targets are to be applied.

I support this approach of requiring a specific sequence of deficit reductions over a 5-year period—backed by automatic spending cuts if needed—because I consider existing budget procedures unequal to the task. The deficit levels projected for the rest of the decade pose a fundamental threat to our country's economic vitality. The high interest rates and severely overvalued dollar—which have cost America jobs in a wide range of industries—are the legacy of an unbalanced set of economic policies that we simply have to correct. We can't afford to let this situation continue; we can't go on devoting an everincreasing share of our national wealth to paying interest on the national debt. Interest costs have risen from $52 billion to $130 billion during the last 5 years, and will grow to $230 billion by 1990 if the series of deficits stretching before us is not changed. In the absence of procedures which force such action, I feel the chances of doing more than chipping away at the deficit are slim.

We in the Congress have a tough job ahead of us to make this process work. We have a statutory obligation to meet the deficit targets, but we still have choices over how the deficit reductions are accomplished. We will still be debating the merits of particular programs, and we still have the responsibility of shaping fiscal policy in a manner consistent with our priorities. I do not view the Gramm-Rudman legislation as any kind of endorsement of the Reagan administration's agenda, and I will continue to fight the President's efforts to slash away at education, training, child nutrition, research and development, transportation, and other programs that are critical to our future growth and economic well-being. In heightening the urgency of deficit reduction, this legislation also promises to sharpen the debate over priorities in years to come.

Mr. President, we cannot continue to allow the deficit problem to cloud our future. It is up to our national Government to ensure the stability of our economy, and pursue fiscal and monetary policies conducive to growth. I support this legislation in the hope that it reinforces this commitment: That real progress toward deficit reduction will help to bring the days of sky-high interest rates, distorted exchange rates, and intolerable levels of unemployment to an end. Deficit reduction will require swallowing some bitter medicine. But far from symbolizing austerity, deficit reduction should be seen as the difficult means to a brighter future—and to a positive outlook for industry and employment in this country.

Mr. MITCHELL. Mr. President, when the Gramm-Rudman-Hollings amendment was first proposed in early October, I voted against it because I objected to the summary procedures under which it was brought up and because I believed it contained very serious flaws that would prevent its fair and consistent application.

I was not then, and am not now, opposed to the basic rationale for the legislation, which is to force the necessary deficit reduction decisions that have so far not been made. Accordingly, when the Gramm-Rudman-Hollings amendment was first offered, I voted for an alternative offered by Senator CHILES that incorporated the automatic reduction mechanism and provided for more equitable deficit reductions over a shorter period of years.

At the time, I raised three specific objections to the substance of the Gramm-Rudman-Hollings amendment. First, I disagreed with the uneven cuts it would have imposed. Some programs would have suffered deep cuts; others would hardly be cut. This is because the automatic reductions were based on budget authority figures. The automatic spending reductions required would have had no relationship to program costs or policy priorities.

Second, I objected to the program exemptions in the original amendment which would have spared as much as two-thirds of the Federal budget from the automatic spending reductions. No policy rationales were offered for such exclusions and, in fact, the authors of the amendment were not even aware that all farm programs and 40 percent of the defense budget were spared from the automatic reductions.

Finally, I was opposed to the effective date of the original amendment that would have permitted the deficit to actually grow in this fiscal year. This was the major weakness of the amendment. It would have made a bad situation worse, not better.

Over the past 2 months, the original legislation has undergone major revisions. All three of my original objections have been addressed.

In each case the legislation has been changed in a way that satisfies my objection. The congressional process has been permitted to work and the members of the conference committee have been able to give this far-reaching measure the kind of attention it requires. Although the basic thrust of the proposal—to require automatic spending reductions if Congress does not meet certain deficit targets—has been preserved, the specific elements have been rewritten to greatly improve the proposal.

I am pleased that the Senate conferees have agreed to the House position that the deficit must be addressed beginning in this fiscal year rather than being put off until after the next election. In my opinion this was an essential change that gives this proposal credence as a serious effort to deal with our deficit problems. I am also pleased that defense spending will contribute its appropriate share to the deficit reduction effort under the sequester order. In addition, I strongly support the conferees decision to provide an interim period, but with a specific terminal date, in which Congress can consider alternative deficit reduction legislation.

Based upon these changes to the original proposal, I will vote for the conference report because, as I have said many times, I believe continuing large budget deficits to be the most serious domestic problem confronting

our Nation today. The recent increases in annual Federal budget deficits have produced a fiscal crisis in this Nation that poses a serious threat to our future economic health. My fear is that whatever action we take to control the deficit will have been too late; the doubling of the national debt over the last 5 years to $2 trillion has already created fundamental economic instabilities that may result in a lower standard of living for future generations.

My hope is that the automatic spending reductions that would be imposed under this legislation never go into effect. This bill will serve the Nation best if it forces the President and the Congress to make the difficult decisions to reduce the budget deficit by a sufficient amount to meet the mandated targets in the legislation. And if those targets are not met, then Congress should exercise its responsibilities to enact legislation to reduce the deficit further without the automatic reductions taking effect.

Mr. President, the fiscal policies of the last few years simply can no longer be tolerated. This is extraordinary legislation. But this Nation is confronted today with an unprecedented fiscal crisis that requires an extraordinary response. However, no one should believe that this legislation is a substitute for the leadership needed to make the hard decisions to reduce the budget deficit in a manner which is fair, reasonable, and prudent.

Mr. LAUTENBERG. Mr. President, I will vote against the conference report on House Joint Resolution 372, embodying a revised version of the Gramm-Rudman-Hollings amendment that the Senate approved in October and again in November. I opposed the amendment then, and I must oppose the amendment now.

I support the goal of significantly reducing our budget deficits. We should act now to reduce deficit spending. I oppose the conference report because the plan it includes would seriously undermine the balance of power between the Congress and the Presidency. I oppose the conference report because instead of setting budget priorities, it would avoid them. Instead of ensuring continued economic growth, it could, by forcing cuts even during an economic slowdown, increase the chances of economic contraction and recession.

Mr. President, the outline of the proposal is basically unchanged from the previous version. Budget deficit targets are adopted, leading to a balanced budget by fiscal year 1991. If budget and spending measures are not enacted into law that would meet those targets, given a $10 billion margin of error except in fiscal year 1986, and fiscal year 1991, then across-the-board cuts in Government spending would be imposed. The cuts would be divided between defense and nondefense.

The major change is that programs critical to the poor would be exempt from across-the-board cuts. These include supplemental security income, Medicaid, aid to families with dependent children, feeding program for women, infants and children, food stamps, child nutrition, veterans' compensation and pensions. Certain health programs, including Medicare and veterans health care, would be subject to no more than 2-percent annual cuts.

These changes are welcome. And they are intended to make the plan acceptable. But, for me, they are not enough.

What is wrong with this scheme?

The pending amendment would upset the constitutional balance of power between the Congress and the Presidency. The amendment sets deficit targets, and we need targets. That is what the budget process is all about. But, under the pending amendment, Congress could pass a budget, it could pass appropriations bills, and a reconciliation bill that achieved the target. Yet, the President could use his veto power and reject those congressional efforts, forcing a shortfall in deficit reduction, and triggering blind, across-the-board cuts in Government programs.

I am not willing to hand a trump card to a President who has sent the Congress budget after budget that would have hurt my State. I am not willing to invite mindless budget cuts—in environmental protection, education, or health care—instead of taking responsible steps to reduce the deficit.

That is another major flaw in the plan. Instead of forcing the Congress and the President to set priorities and to make decisions, it would allow the Government to avoid them. The amendment sets few priorities. If deficits exceed the targets, and automatic cuts must come, they will come indiscriminately. Cancer research would be cut as deeply as limousines for bureaucrats. Spending for environmental protection would be cut, while no effort would be made to reduce tax credits or to require corporations or individuals to pay at least a minimum fair tax.

The plan would cut not just the fat, but the muscle from Government. We'd cut the FAA, while planes fall out of the sky. We'd cut the Coast Guard, while drugs flood our cities. We'd cut the FBI, law enforcement, environmental protection—basic functions to protect the health and safety.

We would cut the national defense, across the board. Now, Mr. President, I have, on occasion, argued against some of the Reagan administration's defense proposals. I have opposed some strategic weapons proposals, the short-changing of conventional readiness, and wasteful mismanagement of our Federal defense dollars. But, the program before us would not impose the discipline that I have sought and that many of my colleagues have sought. Instead, it would have us cut readiness and conventional weaponry, the Nation's alternative to nuclear responses when our national interests are threatened.

Inaction on the budget deficit is unacceptable. But, so is blind action. We are here to guide budget policy. Not to put it on automatic pilot.

The plan sets the controls for 5 years, and then walks away from the economy. That is another major problem. It takes too little account of the threat of economic downturns, and their impact on our ability to reduce Government spending, or to increase revenues.

The plan assumes steady economic growth for 5 years. I hope it happens. But, if history is any guide, it will not. At some point, the economy will slow down. When that happens, deep cuts in spending or increases in revenues could turn a slowdown into a situation much worse.

The amendment sets targets without regard to the state of the economy. It does provide for an expedited process for taking up a joint resolution, to revise the targets, if we are in recession or recession is predicted. But, it depends on enacting a law to save ourselves from driving a failing economy into a deeper recession. Moreover, the amendment's definition of recession is too narrow. We should not approve a plan that threatens to dig a deeper hole for an economy in trouble, based on the promise that there may be a rope with which to pull ourselves out.

So, we are left with a proposal that I simply cannot support. We need to slow the growth in our mounting debt. We need to reduce annual budget deficits. We need to do it now. But, Gramm-Rudman is not the answer.

The challenge for us in Washington is to build into the national agenda, and national policy, the incentives for investment, for innovation, and for economic growth.

We have to put our fiscal house in order. We have to get control of our budget deficit. It inflates the dollar. It is driving the price of exports up, and the price of imports down.

We ran a $212 billion deficit last year. The Nation's debt is pushing $2 trillion. It has doubled in just 4 years. To finance it, the Government is borrowing abroad—so much so that we have become a net debtor nation—owing more to others than they to us—linking our economy to the whim of foreign capital markets.

The borrowing has hiked up the dollar—American industry is losing markets abroad, markets that will be tougher and tougher to regain.

We passed a budget in the Congress that would cut close to $276 billion in deficits over 3 years. I think we could have done better, and I voted for an alternative that would have cut the deficit more, but do it without cutting programs that we in New Jersey need, programs in environmental protection, education, and transportation.

We face a problem that demands tough decisions, and new ideas. Along with Senator PAT MOYNIHAN of New York, I pushed a plan to sell off a piece of the Government's loan assets. The Federal Government has $260 billion in receivables. Receivables from students, farmers, airplane manufacturers. Under Federal lending programs, people and companies borrowed low interest money, and now owe $260 billion to the Federal Government.

Those receivables don't appear on the Federal balance sheet the way they would appear on that of a business. But, they are receivables that a company in trouble would convert to cash. And this country is in trouble. So, we proposed a pilot program of selling off $10 billion a year. And, I am pleased that, Congress gave initial OK to the idea if only on a smaller scale.

But that is just one step. We need to find new approaches. We need to make tough choices. We need to cut Government where we can and we need to start paying for the services we need. And, we cannot lose sight of why we are doing it. Because that makes a difference in where we cut. We are cutting to restore the climate for economic growth. We are cutting to build for the future.

Now, Mr. President, perhaps the American people are skeptical. Maybe they do not think we can make the tough choices. I do not blame them. Neither the President, nor the Congress has done a credible job over the past 5 years to make a dent in the deficit. The people are frustrated. I am frustrated too.

We have to stop passing the buck. We have to start making some courageous decisions. We have a critical mission: to get our fiscal house in order. But Gramm-Rudman sets the wheel at automatic pilot, and then bails out. Gramm-Rudman presses the eject button. While Congress reaches for this political parachute, hoping to float safely to earth, our Nation's budget policy is on its own, and I fear, is headed toward a crash landing.

Mr. DECONCINI. Mr. President, I rise in opposition to the conference report on the Debt Ceiling, House Joint Resolution 372. This agreement is two-pronged. It raises the debt ceiling beyond the $2 trillion mark, and includes the so-called Gramm-Rudman-Hollings deficit reduction plan.

Mr. President, this Senator has always been in the forefront of the charge to balance the Federal budget. I am an original cosponsor of the constitutional amendment to require a balanced budget, Senate Joint Resolution 13. As a member of the Judiciary Subcommittee on the Constitution, which has jurisdiction over that legislation, I have worked tirelessly to get that legislation enacted. The Judiciary Committee was successful in having that legislation favorably reported on October 23. Unfortunately, the Senate leadership has chosen not to schedule that bill for floor consideration prior to the adjournment of the first session of the 99th Congress. This is the legislation Congress should be considering in an effort to get our fiscal house in order. It contains no gimmicks. It simply requires that Congress spend no more than it takes in.

During my Senate career, this body has been asked to raise the debt ceiling 17 times. I have opposed each and every attempt to do so; and I do not intend to blemish my record on this issue by voting to support raising the debt ceiling above the $2 trillion mark.

How can the American public, which has to make weekly decisions on how much they can spend on groceries or how much they can put into savings for a college education for their children relate to this figure? Let me try to graphically illustrate what $2 trillion means:

Two trillion dollars is a stack of $1,000 bills 134 miles high.

Two trillion dollars in $200 bills would loop around the Earth over 77 times.

Two trillion dollars in $1 bills would stretch from the Earth to the Sun and back again—186 million miles.

Two trillion dollars if paid off at the rate of $1,900 a minute, $2.74 million a day, would continue to burden future generations for more than 2,000 years.

Two trillion dollars is $7,599 for every man, woman, and child in this country. When Ronald Reagan took office, it was $4,346 for every person in the country.

And how much is it costing the American public to service this $2 trillion debt? In fiscal year 1986, it will cost $137 billion—one-seventh of the entire national budget. Let me attempt to put that figure into perspective.

That $137 billion is more than the entire Federal budget in 1966; $137 billion is $260,000 a minute; $137 billion is $375 million a day; $137 billion is $2.6 billion a week; $137 billion is $1,500 per household; and 38 cents of every tax dollar from individuals goes to debt service.

Mr. President, while I hate to point the finger of blame at any one administration, it is important to set the record straight. President Reagan, in embracing the theory of supply side economics, told the American public that by reducing taxes, we would grow out of the recession and reduce our budget deficits. The truth of the matter is that supply side economics has not worked. Simple logic should have led us to the conclusion that massive tax cuts coupled with enormous increases in the Defense budget could not result in deficit reduction.

The final accounting is clear. Since President Reagan took office, the national debt has increased by more than $1 trillion. To put that in perspective, it is crucial to note that the total increases in the national debt prior to the Reagan administration totaled $985 billion. In other words, it has taken this President less than 5 years to accumulate a debt that is greater than the accumulated debt of all the other administrations in our Nation's history combined. And today we are being asked to pay the bill for the debt which has doubled in the last 5 years. Regardless of how we arrived at the current deficit situation, I share my colleagues' concerns that it must be addressed and it must be addressed quickly.

In September, Senators GRAMM, RUDMAN, and HOLLINGS came up with a unique plan to get a handle on our deficit problem. The Senate voted to pass that measure on two occasions, and I supported it both times. On each occasion, I expressed great reservations about the new and unprecedented authority Congress gave to the President to sequester funds by Executive order if Congress, through the regular budget process failed to meet rigid deficit reduction targets specified in the bill.

This, in my view, is an abdication of the constitutional power of the purse from Congress to the President. In addition to the question of the constitutionality of this abdication of congressional responsibility, I find it troubling that Congress is, in essence, admitting that it cannot or will not make the difficult decisions to put our fiscal house in order. I am still uncomfortable with the fact that this legislation gives the President the authority to do Congress' job as envisioned in the Constitution.

I have even graver reservations about the Gramm-Rudman-Hollings compromise that is before us today. Rather than being more simple, it is more complex. Rather than being more equitable, it is less. For instance, in the current bill the COLA adjustment that our Federal and military retirees were anticipating on January 1 will be delayed until at least March, and will probably be eliminated altogether in order to meet the $11.7 billion deficit reduction target mandated in this bill. This delay in COLA adjustments is being implemented prior to a sequester order and will come as a complete surprise to affected retirees. Is this the type of Christmas gift we

want to send to our military and Federal retirees, most of whom are living on fixed limited incomes?

Another disturbing provision in the pending bill is that the conferees have granted to the President some flexibility on where to make the required defense cuts. No such flexibility is granted for domestic spending programs. They will be subject to across-the-board reductions. Additionally, the final product exempts some domestic programs from sequester, caps the amount of cuts in others, health programs, and requires across-the-board cuts for all remaining Federal domestic spending programs.

By exempting some programs, and treating others in a different manner, we have considerably shrunk the sequester pot forcing nonexempted programs to take an even larger cut. Programs that are crucial to the economic vitality of Arizona would be seriously impaired. If, under sequester, domestic spending has to be reduced by 5 percent, funding for the CAP would be cut by more than $8 billion in fiscal year 1986. This could result in the Tucson Aqueduct being significantly delayed or perhaps, not being built at all. A 5-percent cut in the Defense budget could result in one or more of our Arizona military bases being scaled back. Not only would base reductions seriously impair our defense posture, it would have a significant negative effect on the Arizona economy. A similar reduction in education programs would have a serious impact on our schools and universities. For example, in the fiscal year 1986 appropriations bill, 16 of the 21 major education programs are at or below fiscal year 1985 levels, including seven programs targeted to the poorest student—Pell grants and chapter I. By supporting additional deep cuts in these programs to finance the deficit, we will be mortgaging our children's future.

As noted earlier, certain health programs will be subject to across-the-board reductions, others will be limited to a 1-percent reduction in fiscal year 1986 and a 2-percent cut in each fiscal year thereafter. The health programs that are capped include: Medicare, veterans, community, migrant and Indian health care. Even a 2-percent reduction in those programs has serious ramifications. Let me just illustrate that problem in the veterans health care area. A 2-percent reduction would result in a reduction of approximately $180 million.

That means the VA would have to reduce health care personnel by 44,000. It would mean that they would have to reduce inpatient visits by 111,000. For our local VA hospitals a 2-percent reductions, based on fiscal year 1985 funding levels, would translate into approximately a $1.3-reduction for Phoenix, $1.1 million for Tucson, and $400,000 for Prescott. If a sequester order is invoked each year Gramm/Rudman/Hollings is in effect, it would almost certainly result in the closing of 1 or our 3 Arizona veterans medical centers. Indian health care services are vital to the health and well-being of Arizona's native Americans. A 2-percent cut in Indian health care funds under Gramm/Rudman/Hollings would result in a $4-million cut for Arizona.

Mr. President, I support the changes in the congressional budget process incorporated in Gramm-Rudman-Hollings. I support the budget timetable and the rigid restraints placed on reporting and disposing of spending and tax legislation included in the bill. And I support the maximum budget targets contained in the plan. But I have become convinced that the bill is seriously flawed. Gramm-Rudman-Hollings was crafted in a hasty manner. It was never subjected to the normal congressional hearing process, nor was it reported from the various congressional committees having jurisdiction over it. It is an untested concept. No one knows with certitude how it will work. What we do know is that under the bill Congress abdicates its constitutional powers of the purse to the President.

Mr. President, the Budget and Impoundment Control Act of 1974 was born over 10 years ago to essentially attack two significant problems in the Federal budget process: First, the growing budget deficit and how to better control the budget process; and second, the need to rein in a President who was impounding Federal funds left and right. The act was crafted in such a way as to impose a new discipline on the Congress of the United States so that it could carry out its constitutional responsibilities to set spending priorities; keep spending down; look at the whole economic picture, including revenues, expenditures, and economic projections; and restructure the budget process so that the executive branch and the Congress could better do their respective jobs of handling the Government's business. It was designed to force the Congress to bring order to the budget process—not give the President of the United States more authority to do the Congress' job, as envisioned in the Constitution. There is no question that elements of the budget process have failed and need to be corrected. However, the sequester authority granted to the President in the Gramm/Rudman/Hollings plan must surely have both the Founding Fathers of our Constitution and the late, great Senator from North Carolina and author of the Budget Act, Senator Sam Ervin, rolling over in their graves. We are now voting to give this President, who has given a whole new meaning to the term "debtor nation," the type of authority we withdrew from the President in 1974.

Why should Congress embark on a dangerous and, perhaps unconstitutional course? Congress already has the ability to make the cuts necessary to achieve the deficit reduction targets in Gramm/Rudman/Hollings. What it lacks is the will to make the difficult choices necessary to meet those goals. There will be some bloody battles ahead if Congress accepts its responsibility to put the Nation on a guide path toward a balanced budget. But Congress must engage in the battle. We were elected to set national spending priorities, not to abdicate those responsibilities. We were not elected to give the President the power to make across-the-board spending cuts because we lack the guts to make the determination on which programs merit continued Federal support and those which can be eliminated or reduced. If we are unable or unwilling to do the job we were elected to do, then our respective constituents should vote to replace us. By supporting Gramm/Rudman/Hollings, we are admitting defeat. We are saying we cannot do our jobs. I am not yet prepared to do that. I am, however, prepared to make the difficult choices that are necessary to cure the deficit disease.

In summary, Mr. President, I am opposing House Joint Resolution 372 for two reasons. First, I have never supported an increase in the debt ceiling since being elected to the Senate in 1976 and I do not intend to do so today. Second, I believe that the conference agreement on Gramm/Rudman/Hollings, which are incorporated in this measure is an untried, unnecessary, and potentially dangerous way for Congress to meet its obligation to live within its fiscal means.

I am convinced that Congress can and must resolve the budgetary challenges that face the Nation today. Across-the-board spending cuts might be a responsible way to meet that challenge if everyone must carry an equal burden. I remain convinced that the most sensible budgetary mechanism to achieve a balanced budget is the adoption of a constitutional amendment mandating it. If the going gets rough under Gramm/Rudman/Hollings, Congress can revise it. With adoption of a constitutional amendment, Congress would be locked into curbing its spending appetite, and balancing its budget.

Mr. KASTEN. Mr. President, I am delighted to be voting here today for a final compromise version of the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act of 1985. I am pleased that the conferees have settled their differences, and devised a bipartisan measure that will force Congress to put its fiscal house in order.

As an original cosponsor of this legislation, I strongly support this approach to fiscal discipline. The large deficits facing the American people need to be reduced. Over the last few years, Congress has worked to get control over them, but to no avail. Clearly, we need dramatic measures to deal with these deficits. Gramm-Rudman-Hollings is just such a measure.

A vote for this measure is a vote for an end to deficit spending. This measure will set annual ceilings for deficits that lead to a balance in 1991. By putting a limit on the total dollars that can be spent, Congress will be forced to make the tough choices. The big spenders in Congress will have to decide which spending programs have top priority and which we just cannot afford. It is not different from the decision process each American family goes through. We each have to make ends meet based on our wages and salaries. Congress does not. In fact, Congress has been on a spending spree for years, and wildly writing checks to cover it. This legislation puts a stop to that by ripping up the blank checks.

Mr. President, I think that there are two great myths about this legislation. The first is that this amendment will wreak serious havoc and ruin our Nation's defenses. Nonsense. All Gramm-Rudman-Hollings does is provide a process to get us out of the mess we are in today. Congress will have the opportunity—and responsibility—to set spending priorities and provide a fair budget that meets the deficit target. The round of across-the-board cuts (sequestering) that concerns so many people would only take effect if Congress failed to do its job.

If this final round of sequestering does occur, many essential social safety net programs, such as Social Security, Medicaid, AFDC, child nutrition, food stamps, and veterans' compensation are exempt. And half of these final cuts will come from defense and half from nondefense programs. I think this is a fair solution.

The second myth is that this legislation will give the President more power. This is not true. The President and Congress should be partners in controlling Federal spending. The sequester order that the President is required to send to Congress is automatic, and gives the President very little authority. The President has no authority to choose which category of programs—either defense or nondefense—are cut. He does have a limited authority to allocate some of the cuts within the defense programs. However, this only takes effect if Congress has failed to reduce the deficit. It also gives Congress the right to disapprove the sequester order. Essentially, it retains veto authority for Congress.

But I also believe that there is far too much emphasis on the final across-the-board cuts. What Gramm-Rudman-Hollings really means is that Congress will no longer be able to hide behind ballooning deficits—and debt. This measure comes before us as part of a bill to increase the public debt limit to more than $2 trillion. Our children, grandchildren, and great-grandchildren are not going to enjoy the standard of living we have experienced unless we put a halt on excessive spending. At the rate Congress has been going, we are going to see a $2 trillion-plus annual deficit in the year 2000. And a national debt of $13 trillion. Interest on that debt alone would be about $1.5 trillion. We cannot let this happen.

Mr. President, we are talking about trillions, not billions, of dollars here. Have you ever thought about what 1 trillion is? If I began to count 1001, 1002,1003, it would take me 317 centuries, or 31,700 years, before I would get to 1 trillion. And without Gramm-Rudman-Hollings, this is probably what total spending will be next year.

There is no question that the large deficits we are facing today require significant action by Congress. We can only get deficits under control by addressing the spending that causes them, and by allowing economic growth to narrow the gap between revenues and outlays.

We all know that tax increases won't balance the budget. In the past, we have increased taxes as part of the deficit reduction effort, and it has not worked. In fact, we have seen that they only fuel more spending. We have high deficits because Congress spends too much. We don't have high deficits because the American people are undertaxed. In 1948, the middle-income American family earned $3,187 and paid $9 of Federal income taxes. Today, that middle-income family earns $24,100—but they also pay $2,217 in taxes. Income has increased 7½ times since 1948 while taxes have increased 246 times. Or, in other words, the median-income family's taxes have increased 32 times faster than their income.

This legislation before us today will set us on the right path by getting at the source of the problem—Government spending. There are no built-in biases for or against tax increases in Gramm-Rudman-Hollings. And, in fact, the emphasis on spending restraint in this plan means that chances are better for reducing the deficit through spending cuts, rather than tax increases.

Mr. President, the Gramm-Rudman-Hollings legislation is a positive step toward serious deficit reduction. It is a collective bipartisan effort that mandates a balanced budget in the year 1991. This amendment calls for real reductions in spending, and demonstrates that Congress is serious about reducing deficits. I am proud to be a cosponsor of this amendment, and I urge my colleagues to lend it their support as well.

Mr. PELL. Mr. President, the huge Federal budget deficits that have developed during the past 5 years constitute a serious threat to the economic well-being of our Nation and of every American. The Congress can and should take strong, prompt, and effective action to bring these deficits under control.

Although I am strongly committed to reducing the budget deficits, I cannot support the Gramm-Rudman deficit-reduction plan and am voting against it.

The Gramm-Rudman proposal, although its objective is commendable, is quite simply bad government. We in the Congress have the constitutional responsibility to determine our national priorities, and our national economic and fiscal policies. The Gramm-Rudman proposal would be an abdication of this congressional responsibility. For the thoughtful and reasoned judgment of the peoples' elected representatives, the Gramm-Rudman plan would substitute a complex formula of automatic budget cuts, triggered by uncertain economic predictions made by nonelected government officials.

Supporters of the Gramm-Rudman proposal contend that the threat of these automatic, unthinking budget cuts will force the Congress to reduce the deficits by other means. That contention is sadly mistaken. Instead of driving the Congress to effective action, I believe the automatic budget-cutting mechanism will prove to be a crutch for Members of Congress unwilling to make the difficult decisions required to restore fiscal responsibility to our Nation.

The Gramm-Rudman proposal fails to confront the basic cause of the explosion of our Federal budget deficits in the past 5 years. The cause of those budget deficits is the mistaken and failed economic policy of the administration. The administration, backed by the Presidential veto power, has dogmatically insisted on ever-increasing defense spending combined with very large tax cuts. The failed theory is that rapid economic growth would eliminate the budget deficit. That has not happened, despite very significant spending cuts in nearly all nondefense programs.

By its insistence on increasing defense spending and its absolute opposition to increases in revenue, the administration has left too little room for the Congress to deal effectively with the budget deficit.

What is needed is a change in White House economic and fiscal policies. Supporters of Gramm-Rudman contend that this measure will force the White House to reconsider its position on defense spending and on revenue

increases. I do not think that will happen. Indeed the President, even while endorsing the Gramm-Rudman proposal, has reiterated his determination to continue increases in defense spending, and to oppose any increase in revenues.

It is clear that next January, the President will submit a budget to the Congress that will again call for increased defense spending, and will call for draconian cuts of $50 to $60 billion in essential Government programs, ranging from health and education to our Coast Guard, and weather services.

And when automatic budget cuts are ordered by the President next February and again in October, I doubt that the American people will be comforted by the explanation that reductions in health research, student assistance, pollution control, clean air and clean water are being made automatically, by formula, and without thought.

It is vitally important that these huge budget deficits be eliminated. It is equally important that the deficits be eliminated in the right way—by thoughtful, deliberate action of the Congress with effective Presidential leadership. Gramm-Rudman is just the wrong way to achieve the right end.

For all of these reasons I oppose the Gramm-Rudman proposal.

Mrs. HAWKINS. Mr. President, I will vote against the Gramm-Rudman bill because of a major change made by the conferees to implement the bill in fiscal year 1986—which began 3 months ago. This action forces the automatic sequestering program to kick-in immediately. This amounts to an across-the-board cut, which I have never favored. Rather, I have always supported Congress' right to prioritize our spending decisions. To choose between programs for our children and a water project that is nothing more than a pork barrel project—to choose between programs for education and a $400 hammer. I want the opportunity to make those choices.

Were Gramm-Rudman to take effect in fiscal year 1987, or fiscal year 1988 as the Senate originally passed, Congress would have had two opportunities during the budget process to establish a budget that will reach the deficit goals. And I believe that with the threat of the sequestering program pending, Congress will finally find the will and discipline to make tough budget decisions. They will because they know that if they do not, the decision will be made for them, but without their priorities.

I want to state for the record that I support efforts to balance the Federal budget. Clearly it is out of control, and the Gramm-Rudman bill, as originally passed by the Senate, provided a framework for cutting the budget. It left to future determinations the specific cuts that would be made. However, the bill before us tonight does not provide that opportunity for this year. It will require automatic cuts from programs that I might not choose to cut. Therefore, I am forced to vote against this bill because of the changes made in the conference.

Mr. DURENBERGER. Mr. President, I have already spoken on the subject of the Gramm-Rudman-Hollings budget proposal on two occasions on this floor. As we prepare to send the conference version to the President's desk, this is a moment of excitement in some quarters and fear in others. Probably each of my colleagues shares a measure of those two emotions. Today we are taking an historic step and perhaps an historic gamble.

This is probably our last, best hope for getting control over the massive budget deficits which hang over our Republic, spawning hardships and future insecurity of momentous proportions. If it doesn't work, I doubt that we have any political capital left to put against systematic approaches to this crisis. The reality is that this is a do or die proposition, Mr. President.

As much as our lives as legislators will be affected by the passage of this proposal and as much as it will effect our constituents over the next 5 years, the Americans for whom this day is most important are those who will inherit the United States of America at the start of the 21st century. Our action will determine the kind of America they will live in. In a sense, Mr. President, we resemble the ancient nation of Israel making up its mind to get out of Egypt. Collectively as Members of this Government, we are beset by a deficit which threatens to enslave us and future generations of Americans with a massive debt. In recognition of that fact, we have made our decision, House, Senate, and White House, that the status quo is unacceptable and that we need to move out. The political seas have parted, somewhat miraculously I would say, and it is time to march.

We share a hope of a promised land of sorts: a balanced budget, lower interest rates, and a solid foundation for our economy. But first we must cross the hostile wilderness which lies before us. We are embarking on a course of great political risk and controversy. We will have to deal with a lot of golden calves and other perils along the way: tax loopholes; defense spending; other domestic spending; and entitlement programs. That will be a severe test of our skill, foresight, and courage.

We choose today, Mr. President, between staying where we are, and suffering the certain consequences of economic stagnation and dislocation, or forging ahead, knowing the risks, toward a better future for ourselves and particularly for our children. I believe our history as a people clearly directs us to seek, and act to create, that better future.

Mr. HATCH. Mr. President, the Gramm-Rudman proposal as modified by the House-Senate conferees and now before this body, is a commendable attempt to reduce deficit spending and balance the budget within a prescribed number of years. In fact, the gradual reduction of the deficit to achieve a balanced budget was a proposal which I made as an amendment to the fiscal year 1984 resolution on the budget. My distinguished colleague and now prime sponsor of the amendment, Senator GRAMM, was then a Member of the House and a strong ally in our efforts in 1983. While I have some reservations about specific language of Gramm-Rudman modified, overall it is a good piece of legislation. As a cosponsor of this legislation, I urge my colleagues to capitalize on this opportunity to achieve a shared goal by all Members of Congress: deficit reduction.

This proposal makes an excellent companion piece for the balanced budget/tax limitation amendment to the Constitution. The Gramm-Rudman proposal would require a discipline in the Congress, a discipline which will eventually be required on a permanent basis by the balanced budget amendment. Gramm-Rudman is an emergency measure, but in view of the $200 billion deficits which continue despite economic recovery, it is an emergency measure which should be looked at seriously by every Member of the Senate.

Legislation to achieve a balanced budget in the near future is a necessary effort to reestablish the confidence of the American people in the ability of the Congress to control itself in a fiscal sense. For too many years now, the congressional answer to deficit problems has been an increase in taxes. As we can see, that approach has not worked. In fact, it had been popular for several years to blame the 1981 across-the-board tax reductions for our deficit problem. One way to lay this falsehood to rest is to look at Federal revenues and spending as a percentage of national income. Comparing these figures as percentages of national income measures them against a relatively stable background and also illustrates the increasing burden of Federal financing. In 1973, revenues were 23.8 percent; but in 1985 they were still at 24.3 percent. In contrast, in 1973, Federal spending amounted to 24.3 percent of national income; but in 1985 it surged to 31.2 percent, a 6-point increase. Even taking into account the business cycle's effect on national income, the point is clear: unchecked Federal

spending, not lack of revenue, is to blame for our deficits.

The past record of tax increases leaves us with no faith in that route as a solution to our problem of continuing deficits. Some of the greatest spending increases in the history of the United States took place in the late 1970's when tax revenues were climbing rapidly. Another case in point has been the addition of new tax increases since the across-the-board reduction in 1981. Since 1981, we have added the Tax Equity and Fiscal Responsibility Act [TEFRA], the gasoline tax increase, the 1983 Social Security Amendment, and the 1984 deficit reduction taxes. Added together with inflation-induced tax increases and tax increases required by the 1977 Social Security Amendments, we have eliminated the 1981 tax cuts over the period of 1981-88. It is my hope the Gramm-Rudman proposal will not result in one more tax increase as a means of tackling the deficit problem.

It is my hope that the Gramm-Rudman mechanism is instead a vehicle for controlling spending. While the Gramm-Rudman proposal imposes some reductions in Federal spending, the eight programs exempted from sequestering have an aggregate spending level of more than $70 billion annually. In other words, programs which contribute to $200 billion deficits remain uncontrollable expenditures. Defense spending on the other hand, will suffer a cut of approximately $6 billion in fiscal year 1986, reducing outlays below last year's appropriation level of $275.4 billion. A reduction which will dampen our efforts to increase the spending level for defense programs which were financially neglected during the 1970's. I register my concern that the growth in spending of several domestic programs will be spared any across-the-board reduction at the expense of defense programs which ensure our Nation's security. It does not seem equitable to discriminate against some programs and not others. Nevertheless, I am pleased that some flexibility was given to the President in distributing the share of cuts among defense programs, but the flexibility is limited to fiscal year 1986 only. Such flexibility should be extended through fiscal year 1991.

Mr. President, I reiterate my support for the principles behind the Gramm-Rudman proposal and hope that all my colleagues see the wisdom of its enactment.

Mr. WILSON. Mr. President, I was asked this afternoon by a reporter if Gramm-Rudman-Hollings is not a straitjacket. If it is, Mr. President, it is a straitjacket required to restrain a madman from doing irreparable harm to America. Congress is the madman. We have engaged in the madness of unrestrained spending. The cost of our decades-long rampage is the undermining of our economic security. Our collective incapacity—our inability to achieve consensus on priorities—has finally required that we fill the void by inserting a mechanical process of spending restraint in place of the judgment we were elected to exercise. Gramm-Rudman-Hollings is just about our last chance.

It is not perfect.

It is essential.

It is not a panacea but a survival.

It is vital to regain some part of Congress' lost credibility in the minds of those upon whose confidence our economic security depends—not just the sophisticated financial managers of Wall Street, but the shopkeepers and the small businesses of Main Street. The best small business program, the best farm program, surely the best export program that the Federal Government could hope to offer, would be to offer low-interest rates and the realistic hope of economic growth and job creation.

Conversely, the most pernicious act of Congress possible would be the continued act of omission that allows ballooning deficits and a ballooning national debt that has already mortgaged the future of our children. Those deficits and that monstrous debt they have built are an anchor on our economy. Were their cancerous growth to continue unaddressed by Congress, America would be threatened with imminent and deep recession.

This landmark change in our budgetary procedure does not exempt Congress from the responsibility to exercise careful judgment in spending the taxpayers' money. But if Congress continues to fail to act responsibly to protect the taxpayer, Gramm-Rudman-Hollings will provide the needed safeguard.

For those of us who are specially concerned with the adequacy of our national security, a special responsibility is created by this measure. We must be vigilant to assure that we do, in fact, maintain military strength required to keep peace.

I repeat, Mr. President, this is not a panacea. It is survival. A concern for national security dictates that finally we act to assure the security of America's economy. And finally, Mr. President, we appear ready to act—to release our economy from its straitjacket, and not just survive but prosper.

Mr. DOLE. Mr. President, after many weeks of diligent and persistent effort, our very able conferees on the Gramm-Rudman-Hollings deficit control measure and the debt limit have reached agreement with their House counterparts. At the outset, I want to congratulate BOB PACKWOOD, the chairman of the conference, and PETE DOMENICI, who brought the very considerable resources of his Budget Committee to bear on the knotty issues the conferees faced.

Mr. President, I know that not every Member will be happy with the conference agreement on Gramm-Rudman-Hollings. In fact, some who voted for it originally in the Senate may feel differently this time around. But that result was virtually inevitable, when you consider that the Senate was breaking new ground with this initiative—and that we were obliged to deal with House Members who had some very different ideas about how to structure a deficit-limitation measure.

NATURE OF COMPROMISE

As my colleagues know, the Senate undertook this effort because there was an overwhelming consensus in this body that the deficit issue had not been adequately addressed, and would not be adequately addressed without some major changes in the way we do budget business. Our distinguished colleagues, PHIL GRAMM, WARREN RUDMAN, and FRITZ HOLLINGS, gave us the opportunity to move with their innovative proposal to trigger automatic spending cuts in order to meet fixed deficit targets.

With the President's strong support, we moved that proposal through the Senate. But we found, to no one's great surprise, that the House had different ideas. In particular, some very influential Members of the House feared the prospect of giving Ronald Reagan too much authority to cut spending. They wanted to take more programs out of the automatic spending cut process—they wanted to make sure defense took a fair share, or more than a fair share, in the view of some of us, of cuts—they wanted to limit the role of OMB in measuring our success in meeting deficit targets, and so on.

Mr. President, compromise means give and take. There has been plenty of that in the course of this conference, and that is why some Members will not be pleased. Some will say we have exempted too many programs—or that a 50-50 split is too hard on defense—or that the President needs more discretion in making the defense cuts, beyond what we provide for 1986.

KEEP OUR EYE ON THE GOAL

Let me assure my fellow Members that I share those reservations. I have never viewed this proposal as a panacea for balancing the budget, and we will have to see how it works. But I have no hesitation whatever about voting on the conference agreement. I will do so because we clearly need every additional discipline we can muster to control spending and reduce the deficit. This proposal gives us some of that discipline, while leaving the Congress fully in charge of its own budget decisions.

Mr. President, as Chairman PACKWOOD has stated so well, the key to this proposal is what we in Congress do over the next year, before automatic cuts under the Gramm-Rudman-Hollings mechanism would take effect. The fairly stringent cuts that would occur under the Presidential sequester are not inevitable. Our responsibility now is to meet the deficit goals—which in my view are achievable—by adopting and fully implementing responsible budgets in each of the next 3 fiscal years. For those Members who fear domestic spending would be hit too hard—for those who fear a tax increase—for those who want to preserve the defense buildup—work with us to pass a sound deficit-reducing budget. There is not doubt in my mind that we can meet our deficit target without a tax increase. We have the power to avoid any of those extremes, and to strike a proper balance in cutting spending.

PUT TO THE TEST

Mr. President, this striking new approach to our budget process will put us—and President Reagan—to the test on the issue of budget deficits.

Both on Capitol Hill and in the White House, we have to recognize the time for tough decisions is here—now. Spending must be attacked on the broadest possible front. Just because programs are exempt from the Gramm-Rudman sequester process does not mean they are forever insulated from the budget review. We can pass the test if we have the will to work together, and if we take the deficit limits contained in this legislation seriously: Something that we absolutely must do to meet the letter of the law.

We can, of course, change the law in the future: whether expressly, or by implication. And that is one of the great drawbacks of limiting ourselves to statutory reforms for dealing with the deficit. We need constitutional reform as well, and I am committed to seeing that we get that essential, overriding discipline that only the Constitution of the United States can provide.

Above all, though, the new discipline provided by Gramm-Rudman-Hollings makes it clear that the problem of deficits and excessive spending will remain at the top of the domestic policy agenda for the foreseeable future. That in itself is a vindication of our efforts throughout 1985 to get the deficit down and get the economy on a stable growth path. We can now rightly say that we have made progress—and we have started on a path that will restore fiscal policy to a sound posture. That is what the world is waiting for: If we have the courage to follow on the path set by this legislation, our economic prospects look very good indeed.

Mr. PACKWOOD. Mr. President, may I say, we have a list of possible speakers. I think everyone who wanted to speak but one or two have spoken, and I do not know if those one or two want to. If not, we are prepared to move final passage.

Mr. BYRD. Mr. President, I am going to make a little speech. It will not take much of the Senate's time. I will try not to impose on the Senate.

Mr. HATFIELD. Mr. President, may we have order.

The PRESIDING OFFICER (Mr. WILSON). The Senator will suspend.

May we have order. The Democratic leader is entitled to be heard.

The Senator from West Virginia.

Mr. BYRD. Mr. President, I do not desire to impose on the Senate, but I will be speaking for 15 or 20 minutes.

It is often said that we human beings possess 20-20 hindsight. I believe that we will shortly witness an event that will set the stage in the months ahead for many Senators to affirm that saying.

The conference report on the debt limit, which includes the Gramm-Rudman amendment, will shortly pass in the Senate, go to the President's desk for his endorsement, and that he will probably sign it into law soon.

I said at the White House on yesterday as I said to Secretary Weinberger some several weeks ago, that the President of the United States and the administration had embraced this cup of poison. It reminded me a little of Haman in the Book of Esther. Haman, as Senators will recall, built a scaffold on which he intended that Mordecai would die. Well, who ended up at the end of that rope? Not Mordecai, but Haman. He had built the scaffold on which he himself would be, in the final outcome, hanged. And as I said, the President of the United States has embraced this and in the final analysis he will find that it does not do what it purports to do and he will be the one who will be hanged. By that, I meant he was in for a big surprise insofar as national defense funding is concerned.

I am not sure he even believes it yet. But I said yesterday, and I had said it before at the White House, that the President was going to be in for a big surprise. If he thinks for a minute that this will not impinge on the defense budget, then it might be a rather shocking surprise to him later.

Despite the considerable momentum with which this new budget process is moving through the legislative process, it contains flaws. I believe that the Congress and the President will rue the day this legislation was enacted into law.

I oppose this conference report. I have not taken any dilatory steps. I could have objected to the suspension of the reading of the report. Those of us who are opposed to this conference report could have done a number of things, but I think in this instance the die is cast, the Rubicon has been crossed, and I do not think there is any way back. I respectfully recommend that my colleagues seriously consider its implications before casting their vote. I do not question the patriotism of any Members who support this measure. I simply say that this is a matter that each Senator has to decide for himself and work within the limitation of his own conscience. I would accord every other Senator that right, and I question nobody's patriotism, sincerity, or good intentions.

There is no doubt that reducing the record budget deficits this administration has created with its own tax and spending policies is among our most urgent domestic priorities. Senators will recall in 1981, when the President of the United States appeared on television and had some charts to which he pointed during his remarks, he said that the national debt of this country, if represented by $1,000 bills stacked one on the other, would reach a height of 67 miles. I think that figure was later corrected to 63 miles.

Well, the country's deficit was just under a trillion dollars at that time. That was the amount of national debt which the country had accumulated during all of the years from 1789 to the end of fiscal year 1981, which came on September 30, 1981. The 5 ensuing years, however, have seen that national debt doubled. It was almost $1 trillion when this administration took control, and now it is going to be a little over $2 trillion early in the coming year. So it has doubled within the space of 5 years what it took, I believe, 39 administrations and 191 years to accumulate.

There has not been much said about this astronomical figure at this time, on this measure. Gramm-Rudman has taken center stage, and there has not been much said about this doubling of the national debt just in 5 years.

Mr. President, last year, the administration added $211.9 billion in red ink to the national ledger, the third record deficit in 4 years.

When we talk about a $2 trillion debt, that probably does not mean very much to those of us who never had much in our own bank accounts throughout our lives. But a $2 trillion national debt is $2,000 for every minute since Jesus Christ was born.

These deficits cannot continue without long-term and severe damage to the American economy, to industry, to jobs, to international trade, and to our standard of living. That is why I offered a proposal this last spring, when the budget resolution was before the Senate, that would have achieved a balanced budget within the next 5 years.

I voted for the big tax cut in 1981.

I said then that this country could not suffer a cut in revenues to the tune of $749 billion over a 5-year period and $1.5 trillion for national defense over about the same period, 5 years. Anyhow, I said we cannot do both things and still balance the budget.

I urged the President and I urged Congress not to put a third year tax cut on top of other layers of deficits, but instead, to wait until the third year, to see what the economy was doing and whether or not we were on declining budget deficit track before letting that third year of tax cuts go into place. But it fell upon deaf ears, and that is where we are now.

I have the greatest respect for Mr. GRAMM and Mr. RUDMAN. They are very skillful, dedicated, intelligent, effective Senators. They believe in what they are doing just as much as I believe in what I am doing. I have always said that I recognize the fact that I can be wrong, and I have been wrong in many instances.

I voted for that tax cut, as I have said, in 1981.

I did not think it was the wise thing to do, but I said that my people wanted me to vote for it. That was the hue and cry in those days: "Give the President a chance." So I gave the President a chance. I voted for the tax cut, and I have regretted it many times since. It was not fair, to begin with. It favored the rich and hurt the poor and the middle class as well.

However, the budget amendment that I offered earlier this year would have achieved the goal of balancing the budget. It would have promoted economic growth, and it would have encouraged investment in the Nation's future, and it would have protected vital national security interests.

It would also have required profitable corporations, some of which are not paying any Federal income taxes—and indeed, in some cases that not only have not paid Federal income taxes but, instead, have been given tax rebates—to pay a Federal minimum tax, so that all Americans then would contribute to the effort to balance the budget.

I believe that that amendment represented the most prudent way to reach a balanced budget for a Nation with wide-ranging domestic and international responsibilities.

Unfortunately, the conference report that is now before the Senate, while seeking a necessary end, has the potential for doing serious damage to the Nation and even its allies. This process could put a fiscal straitjacket on the Government, preventing it from responding adequately to changing economic circumstances—such as a recession. It could damage the national security, I think, by preventing the needed strengthening of our American military services. In effect, this legislation creates an automatic process for determining the appropriate levels of spending for programs, regardless of the needs that the Nation may face.

The Founding Fathers never envisioned a Government bound by a formula, and yet that is exactly what this conference report would impose on the country.

Mr. President, this process represents the most significant abdication of the responsibility of Congress to determine the fiscal priorities of the Nation that I have seen in my 33 years on Capitol Hill. My constituents elected me to represent their interests and the national interests, using whatever good judgment I could bring to bear on matters on which we have to vote, and not using some automatic formula.

The deficit reduction process contained in the conference report makes a fundamental and unwise grant of new constitutional authority which we cannot do—and I will be eager to see what the courts will say about this at some point—making a fundamental and unwise grant of new authority to the executive branch, potentially allowing numerous political appointees and bureaucrats to decide whether automatic spending cuts would go into effect and the amount of those cuts. I do not use the word "bureaucrat" to disparage Federal workers, but only to say that they are not elected by the people.

So I believe, Mr. President, that unless appropriations acts and reports spell out every single program, project, or activity, the sequestration process will easily enable these officials to exercise great discretion in program funding.

One of the most serious flaws in this process is its potential for undermining and short-changing the security of our Nation. With the exception of some limited, and possibly insufficient, flexibility granted to the Defense Department for this year only, once a sequestration order is issued, the budget cuts would fall uniformly across all defense programs, irrespective of the threats our Nation may face and the relative benefits of various defense programs in confronting those threats.

I believe that one of the reasons that the recent Geneva summit was successful—I say it was successful—how do you account for that? I told the President I thought it was successful because he did not give away anything. He did not go there and sign an agreement for the mere sake of having an agreement, a piece of paper to be waved before the television cameras. He did not give away anything. That was in itself an accomplishment. He did not choose for political reasons to come back with a piece of paper so he could claim: "I have an agreement with Mr. Gorbachev. We agreed."

He did not give way to that urge. That gave me some encouragement. I would like as much as anyone to have seen a meaningful, effective, verifiable arms control agreement that would guarantee that the parties would comply in every respect. But as we all saw there was no such agreement to be had. Perhaps there may yet be one in the years ahead and I hope there will be. But I believe that one of the reasons the recent Geneva summit was successful is that this Nation has a strong military, and the Soviets know it.

We are all against waste in the Pentagon. The Pentagon has hurt itself in the eyes of the people. It has helped to bring about an erosion of support—not support for national defense, true national defense, national security, but for Pentagon funds. People are tired of hearing all of these horror stories about how money goes down a rat hole at the Pentagon for $44 light bulbs, and all that.

In any event, if the Soviets know that this country has a strong military, they also know that American technology is something that they envy and they very well were concerned that the United States just might make this thing work—might make SDI a reality, make it work.

I am not competent to say that SDI will work or it will not work, but I have enough confidence in American technology to believe that there is a chance that it might work.

I do not want the Soviets to get ahead of us. They have been doing the testing and all that for a long time, and I would imagine that they just do not want to see the Americans get there first.

In any event, if programs vital to our national security interests start to fall victim to automatic budget cuts, how long will we retain that kind of an advantage?

It is conceivable that the budget cuts that will become effective on March 1 of next year could result in a total level of budget authority for national defense programs less than last year's level. From press reports it is clear that Secretary Weinberger agrees with this assessment and made his concerns known to President Reagan.

I have long been a supporter of a strong military and, as I have alluded, the budget I offered in the spring would have provided for 1 percent real growth rather than zero, 1 percent real growth in defense budget this year, a level higher than the zero real growth that was contained in the Republican budget and that was adopted by the Senate.

But if the Gramm-Rudman process now requires a cut below the fiscal year 1985 level, it could damage a number of programs critical to maintaining our edge over the Soviets, and

I think it will be the wrong signal to send them as our President prepares to host General Secretary Gorbachev in this country next year.

Furthermore, the conference report provides an automatic waiver of the Gramm-Rudman requirements only during a declared war. Yet, our most recent military experiences, from Korea and Vietnam, to Lebanon and Grenada, have taken place without such a declaration. It is possible that the procedures herein could require a reduction in defense funding at the very time when our troops are deployed in hostile situations which are not declared wars.

We have not fought in any declared wars in the last 40 years, but we have fought in some wars that were very expensive in National Treasury and in national blood.

I believe strongly that we must support our fighting men and women wherever they may be engaged in defending our Nation's interests. Any process that could prevent that, as this one could, I think is, in my judgment, fatally flawed.

This conference report also places much of the burden for deficit reduction on those who have already borne the brunt of deficit reduction for the past 5 years. Spending for entitlement programs is projected to decline as a percentage of GNP and spending for domestic discretionary programs as a percentage of GNP is substantially lower than now it was in 1980 and is projected to go even lower.

While the Gramm-Rudman process would represent "double jeopardy" for many programs, it lets some escape the pain of deficit reduction entirely. Profitable corporations, some of which now pay no Federal income tax or have in some years not paid any Federal income tax, would not be required, I do not believe, under this legislation to share in the same sacrifices to reduce the deficit that would be required of many others. This is inherently unfair—to require the disabled coal miner to forgo an inflation adjustment in his benefits while permitting some profitable corporations to continue to milk the Tax Code without paying their fair share—in fact to decrease the amounts they pay in taxes in some instances.

The Gramm-Rudman process allows Congress to shirk its responsibilities to appropriate sufficient money from the Treasury for the operation of Government. It transfers considerable power to the President and to unelected political appointees and bureaucrats, as I have said, the power that rightfully belongs to the people's elected representatives in Congress. It could seriously disrupt. I know it is said by some, well, Congress won't make the tough decisions. Well, Congress I am sure would do so but the President made a campaign promise that he would not increase taxes and he would not cut defense, and so Congress is left without the kind of leadership right up front that it needs, leadership which only the President of the United States can give. If he would lead, I am sure Congress would follow.

I have urged the President to lead in the tough deficit-cutting decisions.

This package could seriously disrupt activites to provide a strong, secure national defense and possibly impair our ability to come to the aid of our fighting men and women or to defend our vital interests and it locks in a course of action for the next 5 years without giving the President or Congress the necessary flexibility to respond to changes in the economy and domestic and international events.

This measure is an unwise approach, I think, to the business of the Government that our constituents sent us here to do.

I have often wondered in the past 2 months how Thomas Jefferson or James Madison would have reacted to this proposal. I believe they would have rejected the basic concept on its face. They foresaw a country governed by human judgment, not one that is subjected to the straitjacket of automatic formulas and computer printouts.

Mr. President, I cannot support this procedure. It flies against much of what I believe Government can be and should be. I urge my colleagues to consider the implications of this legislation, because I believe history will show that those who opposed it accurately foresaw the disarray and the damage that would be done by this process.

Mr. President, I thank the Senators for listening. I yield the floor.

Mr. PACKWOOD. 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.

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

Mr. BYRD. 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. BYRD. 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 agreeing to the conference report. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MATHIAS. Mr. President, on this vote I have a pair with the distinguished Senator from Pennsylvania [Mr. HEINZ]. If he were present and voting, he would vote "aye." If I were at liberty to vote, I would vote "no." Therefore, I withhold my vote.

Mr. INOUYE. Mr. President, on this vote I have a pair with the distinguished Senator from Florida [Mr. CHILES]. If he were present and voting, he would vote "aye." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Pennsylvania [Mr. HEINZ], and the Senator from Nevada [Mr. LAXALT] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. BIDEN] is necessarily absent.

I also announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

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

The result was announced—yeas 61, nays 31, as follows:

[Rollcall Vote No. 371 Leg.]

YEAS—61

Abdnor	Gorton	Nickles
Armstrong	Gramm	Nunn
Baucus	Grassley	Packwood
Bentsen	Hatch	Proxmire
Boren	Hecht	Quayle
Boschwitz	Heflin	Rockefeller
Bumpers	Helms	Rudman
Chafee	Hollings	Sasser
Cochran	Humphrey	Simon
Cohen	Kasten	Simpson
D'Amato	Kennedy	Specter
Danforth	Kerry	Stennis
Dixon	Leahy	Stevens
Dodd	Levin	Symms
Dole	Long	Thurmond
Domenici	Lugar	Trible
Durenberger	Mattingly	Wallop
Evans	McClure	Warner
Ford	McConnell	Wilson
Garn	Mitchell	
Gore	Murkowski	

NAYS—31

Andrews	Harkin	Pell
Bingaman	Hart	Pressler
Bradley	Hatfield	Pryor
Burdick	Hawkins	Riegle
Byrd	Johnston	Roth
Cranston	Kassebaum	Sarbanes
DeConcini	Lautenberg	Stafford
Denton	Matsunaga	Weicker
Eagleton	Melcher	Zorinsky
Exon	Metzenbaum	
Glenn	Moynihan	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—2

Mathias, against
Inouye, against

NOT VOTING—6

Biden	East	Heinz
Chiles	Goldwater	Laxalt

So the conference report was agreed to.

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

Mr. PACKWOOD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PACKWOOD. Mr. President, I want to say just one word about one Member who has not been mentioned very much today. That is Senator LONG, of Louisiana.

On the second day the big conference met, he took me aside and predicted how this was going to come out, 2½ months ago. I am not sure we could have gotten to where we got in any shorter period of time. But he was very, very accurate in his description.

He told me what we needed to do to get there and I am personally appreciative of the aid that he gave me and the help.

Mr. DOLE. Mr. President, let me thank the managers and obviously everyone involved in this, particularly Senators GRAMM, RUDMAN, and HOLLINGS, the pioneers. We have made history of some kind. We will see how it works next year.

Let me indicate to anybody who may say this has not been considered, it was considered on October 3, 4——

The PRESIDING OFFICER. The Chair has received indications from Senators that they cannot hear because of the competition with conversations. Senators will please move those conversations to the cloakroom. The majority leader.

Mr. DOLE. Mr. President, I would only indicate that we considerd this bill on October 3, 4, 5, 6, 8, 9, and 10; November 1, 4, 5 and 6, and December 11, 12 days of consideration for a total of 70 hours and 30 minutes. We had 28 rollcall votes. We had 39 amendments. Eighteen amendments were agreed to. Four amendments were rejected. Eleven were tabled. Six were not acted upon and I suppose a couple they lost.

In any event, there has been a lot of consideration given to this measure. Maybe we will discover it was not adequate. Maybe we will discover it was more than adequate.

I want to thank my colleagues on both sides for their patience and their interest in this legislation. I particularly thank the distinguished chairman of the Finance Committee, Senator PACKWOOD, and, as he indicated, Senator LONG, Senator DOMENICI, and Senator CHILES, while he was able to be here, and Senator JOHNSTON in his absence. I also express my appreciation to all the other conferees who spent untold hours on this very important legislation. It also continues a glimmer of hope that we might be able to finish our work by the weekend.

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

Mr. DOLE. I yield.

Mr. BYRD. Mr. President, I wish to associate myself with the remarks of the distinguished majority leader with respect to the work that has been done by the many Senators he named on both sides of the aisle. I particularly congratulate Mr. GRAMM, Mr. RUDMAN, and Mr. HOLLINGS. I think what they did demonstrates a great amount of skill and ingenuity.

I think we should salute them for that. Who knows? Even though I voted against the measure and spoke against it, we never know. I hope it will turn out to be right thing. So I congratulate them. I think they demonstrated the kind of initiative and proficiency in dealing with the budget, a very complicated matter. I can only admire them for it.

Mr. DECONCINI. Will the minority leader yield to me?

Mr. BYRD. I yield the floor.

The PRESIDING OFFICER. (Mr. TRIBLE). The Senator from Arizona is recognized.

Mr. DECONCINI. Mr. President, I wish to add my accolades and compliments to the primary movers of this legislation and to join Senator BYRD in his remarks and to be associated with them.

Mr. LONG. Mr. President, I congratulate the chairman of the conferees, the Senator from Oregon [Mr. PACKWOOD], for the magnificent job he did in managing this conference between the two Houses. It was my impression in the beginning that he had an insurmountable task in front of him, to try to bring these two very large contentious groups together, representing such diversity in both Houses, and to get them to sign one conference report. It took many days, it took an enormous amount of hard work, and it took a good deal of judgment and consideration of others to bring that about. But in due course and after accommodating a great number of Members on both sides, Mr. PACKWOOD did that.

In doing so, it is my judgment that he rendered a great service to this country. The way in which he performed in managing such a very large conference is a good omen for this country, because he will undoubtedly have such responsibilities in the future. I congratulate him and extend my gratitude as one member of the conference for the magnificent job he did.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

KENTUCKY WELCOMES TOYOTA PLANT

Mr. FORD. Mr. President, I was pleased today to be in Kentucky for the formal announcement by Toyota Motor Corp. of its plans to build an $800 million assembly plant there.

Kentuckians are proud to welcome Toyota to its chosen site in Scott County. The coming plant is a shot in the arm to the economy of our entire State. Not only will it create jobs, it will generate new State tax revenues which can be used to benefit Kentuckians. For example, much of the money could be directed to improvements in our educational system.

The actual plant will manufacture about 200,000 compact cars a year, beginning in mid-1988. It is expected to eventually employ about 3,000 workers. State officials estimate that each hundred of those in-plant jobs will create 64 other new jobs in businesses to serve Toyota employees. That would mean nearly 2,000 new jobs outside the plant.

Gov. Martha Layne Collins and her cabinet members deserve much praise and thanks for wooing this plant. Competition among several States was fierce, but her persistence in visiting Japan and making Kentucky's case met with success. I understand that when Toyota has a question, the Governor's office gave them a prompt and complete answer.

The plant's location, on a 16,000-acre tract near Georgetown, in central Kentucky, is especially promising for surrounding counties with high unemployment. Scott County itself has a relatively low unemployment rate. It was only 4.2 percent in 1984. However, nearby counties have not been faring so well. Among them Menifee which had a 20.8-percent rate, and Robertson with 18.9 percent unemployment.

Our Interstate System makes traveling convenient so that workers may choose to travel as far as 100 miles to a job in or near the new plant. Therefore, counties with high unemployment may see somewhat of a turnaround in coming years.

A major benefit of the plant for the Nation will be the new $23 million robotics center at the University of Kentucky. Toyota already uses robotics at its Toyota City plant in Japan, and in its joint venture with General Motors in California. This University of Kentucky center, requested by Toyota, will focus engineering efforts on further innovations in the field. Engineers there will work to advance robotics development, both for auto assembly and for other uses. This worthwhile investment is a first step toward putting our State and Nation at the forefront of innovations in high technology, where the jobs of tomorrow will be found.

I believe Toyota is to be commended for recognizing the potential for commercial development in the United States. Cars manufactured in its Kentucky plant will be sold abroad as well as in the United States. The investment Toyota is making is enormous and it shows a commitment to a long-term business relationship, as well as to stimulating engineering innovations.

I am proud to welcome Toyota to my State, and I look forward to a relationship that is good for the entire Nation.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

HOUSE CONCURRENT RESOLUTION 246: CORRECTION IN ENROLLMENT OF HOUSE JOINT RESOLUTION 372

Mr. GARN. Mr. President, I ask unanimous consent that the Senate turn to consideration of House Concurrent Resolution 246 to correct a technical error in the conference report to accompany the debt limit.

The PRESIDING OFFICER. Is there objection? Without objection, the clerk will state the resolution by title.

The assistant legislative clerk read as follows:

A House concurrent resolution (H. Con. Res. 246) correcting the enrollment of House Joint Resolution 372.

There being no objection, the concurrent resolution was considered and agreed to.

Mr. GARN. I move to reconsider the vote by which the concurrent 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.

THE CALENDAR

Mr. GARN. Mr. President, I inquire of the minority leader if he is in a position to pass any of the following calendar items: Calendar No. 444, H.R. 664; Calendar No. 445, H.R. 729; Calendar No. 453, H.R. 1890; and Calendar No. 457, H.R. 3085.

Mr. BYRD. Mr. President, those measures are cleared on this side of the aisle. The distinguished acting majority leader may proceed to do them en bloc if he wishes.

Mr. GARN. I thank the distinguished minority leader.

PAYMENT OF INTEREST ON UNITED STATES INVESTMENT IN THE PANAMA CANAL

The bill (H.R. 664) to amend the Panama Canal Act of 1979 with respect to the payment of interest on the investment of the United States, was considered, ordered to a third reading, read the third time, and passed.

Mr. GARN. I move to reconsider the vote by which the bill was passed.

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

The motion to lay on the table was agreed to.

PANAMA CANAL AMENDMENTS ACT

The bill (H.R. 729) to amend the Panama Canal Act of 1979 in order that claims for vessels damaged outside the locks may be resolved in the same manner as those vessels damaged inside the locks, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

Mr. GARN. I move to reconsider the vote by which the bill was passed.

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

The motion to lay on the table was agreed to.

EQUITABLE WAIVER IN THE COMPROMISE AND COLLECTION OF FEDERAL CLAIMS

The Senate proceeded to consider the bill (H.R. 1890) to provide for an equitable waiver in the compromise and collection of Federal claims, which had been reported from the Committee on the Judiciary, with amendments, as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets, and the parts of the bill intended to be inserted are shown in italic.)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CIVIL SERVICE EMPLOYEES.

(a) CLAIMS FOR OVERPAYMENT OF PAY AND ALLOWANCES.—Section 5584 of title 5, United States Code, is amended—

[(1) in the section catchline by striking out "other than" and inserting in lieu thereof "including";**]**

(1) in the section heading by striking out "other than" through the end of such heading and inserting in lieu thereof "and of travel, transportation and relocation expenses and allowances".

(2) in subsection (a) by striking out "A claim" and all that follows through "July 1, 1960," and inserting in lieu thereof "A claim of the United States against a person arising out of an erroneous payment of pay or allowances made on or after July 1, 1960, or arising out of an erroneous payment of **[**travel and transportation expenses or allowances or relocation expenses**]** *travel, transportation or relocation expenses and allowances* made on or after **[**January 1, 1985,";**]** *the date of enactment of this section;* and

(3) in subsection (b)—

(A) in paragraph (3) by striking out "or" after the semicolon;

(B) in paragraph (4) by striking out the period at the end and inserting in lieu thereof "; or"; and

(C) by adding at the end the following:

"(5) in the case of a claim involving an erroneous payment of **[**travel and transportation expenses or allowances or relocation expenses**]** *travel, transportation or relocation expenses and allowances,* if application for waiver is received in his office after the expiration of 3 years immediately following the date on which the erroneous payment was discovered.".

(b) CLERICAL AMENDMENT.—The item relating to section 5584 in the table of contents of chapter 55 of title 5, United States Code, is amended by striking out "other than" **[**and inserting in lieu thereof "including".**]** *through the end of such item and inserting in lieu thereof "and for travel, transportation and relocation expenses and allowances".*

SEC. 2. MEMBERS OF THE UNIFORMED SERVICES

(a) CLAIMS FOR OVERPAYMENT OF PAY AND ALLOWANCE.—Section 2774 of title 10, United States Code, is amended—

(1) in the section catchline by striking out "other than" and inserting in lieu thereof **[**"including;"**]** *"and",*

(2) in subsection (a) by striking out "A claim" and all that follows through "October 2, 1972," and inserting in lieu thereof "A claim of the United States against a person arising out of an erroneous payment of any pay or allowances made before, on, or after October 2, 1972, or arising out of an erroneous payment of travel and transportation allowances made on or after **[**January 1, 1985,";**]** *the date of enactment of this section",* and

(3) in subsection (b)(2) by striking out "of pay or allowances, other than travel and transportation allowances,".

(b) CLERICAL AMENDMENT.—The item relating to section 2774 in the table of contents of chapter 165 of title 10, United States Code, is amended by striking out "other than" and inserting in lieu thereof **[**"including";**]** *"and".*

SEC. 3. MEMBERS OF THE NATIONAL GUARD.

(a) CLAIMS FOR OVERPAYMENT OF PAY AND ALLOWANCES.—Section 716 of title 32, United States Code, is amended—

(1) in the section catchline by striking out "other than" and inserting in lieu thereof **[**"including";**]** *"and";*

(2) in subsection (a) by striking out "A claim" and all that follows through "October 2, 1972," and inserting in lieu thereof "A claim of the United States against a person arising out of an erroneous payment of any pay or allowances made before, on, or after October 2, 1972, or arising out of an erroneous payment of travel and transportation allowances made on or after **[**January 1, 1985,";**]** the date of enactment of this section", and

(3) in subsection (b)(2) by striking out "of pay or allowances, other than travel and transportation allowances,".

(b) CLERICAL AMENDMENT.—The item relating to section 716 in the table of contents of chapter 7 of title 32, United States Code, is amended by striking out "other than" and inserting in lieu thereof **[**"including".**]** *"and".*

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. GARN. I move to reconsider the vote by which the bill was passed.

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

The motion to lay on the table was agreed to.

TITLE TO CERTAIN LANDS ALONG THE CALIFORNIA-NEVADA BOUNDARY

The bill (H.R. 3085) to clear title to certain lands along the California-Nevada boundary, was considered, ordered to a third reading, read the third time, and passed.

Mr. GARN. I move to reconsider the vote by which the bill was passed.

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

The motion to lay on the table was agreed to.

FEDERAL EMPLOYEES BENEFITS IMPROVEMENT ACT OF 1985

Mr. GARN. Mr. President, I ask unanimous consent the Senate turn to the consideration of Calendar No. 452, H.R. 3384, dealing with the refunds from the employees health benefit fund.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 3384) 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 related to the Civil Service Retirement System and the Federal Employees Health Benefits Program; and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Governmental Affairs, with an amendment to strike out all after the enacting clause, and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Employees Benefits Improvement Act of 1985".

TITLE I—FEDERAL EMPLOYEE HEALTH BENEFITS

SEC. 101. AUTHORITY TO PAY CERTAIN HEALTH CARE PROFESSIONALS.

(a) NURSES AND NURSE-MIDWIVES.—(1)(A) Section 8902(k) of title 5, United States Code, is amended by striking out "or optometrist" each place it appears and inserting in lieu thereof ", optometrist, nurse, or certified nurse-midwife".

(B) Section 8901 of such title is amended—

(i) by striking out "and" at the end of paragraph (9),

(ii) by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and", and

(iii) by adding at the end thereof the following new paragraph:

"(11) 'certified nurse-midwife' has the same meaning given to such term in section 1905(m) of the Social Security Act.".

(b) CLINICAL SOCIAL WORKERS.—Section 8902(k) of title 5, United States Code, is further amended—

(A) by striking out "(k)" and inserting in lieu thereof "(k)(1)";

(B) by striking out the last sentence; and

(C) by inserting at the end thereof the following:

"(2)(A) When a contract under this chapter requires payment or reimbursement for services which may be performed by a qualified clinical social worker, an employee, annuitant, family member, or former spouse covered by the contract shall be entitled under the contract to have payment or reimbursement made to him or on his behalf for the services performed. As a condition for the payment or reimbursement, the contract—

"(i) may require that the services be performed pursuant to a referral by a psychiatrist; but

"(ii) may not require that the services be performed under the supervision of a psychiatrist or other health practitioner.

"(B) For the purpose of this paragraph, 'qualified clinical social worker' means an individual—

"(i) who is licensed or certified as a clinical social worker by the State in which such individual practices; or

"(ii) who, if such State does not provide for the licensing or certification of clinical social workers—

"(I) is certified by a national professional organization offering certification of clinical social workers; or

"(II) meets equivalent requirements (as prescribed by the Office).

"(3) The provisions of this subsection shall not apply to group practice prepayment plans.".

(c) EFFECTIVE DATES.—The amendments made by subsections (a) and (b) shall be effective with respect to contracts entered into or renewed for calendar years beginning after December 31, 1986.

SEC. 102. ELIMINATION OF REQUIREMENT OF THREE MEDICAL SPECIALTIES FOR GROUP-PRACTICE PREPAYMENT PLANS.

The second sentence of section 8903(4)(A) of title 5, United States Code, is amended to read as follows: "The group shall include at least 3 physicians who receive all or a substantial part of their professional income from the prepaid funds and who represent 1 or more medical specialties appropriate and necessary for the population proposed to be served by the plan.".

SEC. 103. AUTHORITY TO WAIVE CERTAIN ELIGIBILITY REQUIREMENTS.

Section 8905(b) of title 5, United States Code, is amended by adding at the end thereof the following new sentence: "The Office may, in its sole discretion, waive the requirements of this subsection in the case of an individual who fails to satisfy such requirements if the Office determines that, due to exceptional circumstances, it would be against equity and good conscience not to allow such individual to be enrolled as an annuitant in a health benefits plan under this subchapter.".

SEC. 104. ANNUAL OPEN SEASON.

(a) IN GENERAL.—Section 8905(f) of title 5, United States Code, is amended to read as follows:

"(f)(1) Under regulations prescribed by the Office, the Office shall, before the start of any contract term in which—

"(A) an adjustment is made in any of the rates charged or benefits provided under a health benefits plan described by section 8903 or 8903a of this title,

"(B) a newly approved health benefits plan is offered, or

"(C) an existing plan is terminated,

provide a period of not less than 3 weeks during which any employee, annuitant, or former spouse enrolled in a health benefits plan described by such section shall be permitted to transfer that individual's enrollment to another such plan or to cancel such enrollment.

"(2) In addition to any opportunity afforded under paragraph (1) of this subsection, an employee, annuitant, or former spouse enrolled in a health benefits plan under this chapter shall be permitted to transfer that individual's enrollment to another such plan, or to cancel such enrollment, at such other times and subject to such conditions as the Office may prescribe in regulations.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective with respect to contracts entered into or renewed for calendar years beginning after December 31, 1986.

SEC. 105. AUTHORITY TO REFUND CERTAIN CONTRIBUTIONS TO ENROLLEES.

The last sentence of section 8909(b) of title 5, United States Code, is amended by striking out "employees" and inserting in lieu thereof "enrollees".

SEC. 106. HEALTH SERVICES FOR MEDICALLY UNDERSERVED POPULATIONS.

(a) IN GENERAL.—(1) Section 3 of the Act entitled "An Act to amend chapter 89 of title 5, United States Code, to establish uniformity in Federal employee health benefits and coverage by preempting certain State or local laws which are inconsistent with such contracts, and for other purposes", approved September 17, 1978 (Public Law 95-368; 92 Stat. 606; 5 U.S.C. 8902 note), is amended by striking out "; except that such provisions shall not apply to services provided after December 31, 1984".

(2) Section 5(b) of the Act entitled "An Act to amend the provisions of chapters 83 and 89 of title 5, United States Code, which relate to survivor benefits for certain dependent children, and for other purposes", approved January 2, 1980 (Public Law 96-179; 93 Stat. 1300; 5 U.S.C 8902 note), is amended by striking out "and before January 1, 1985,".

(3) Section 8902(m)(2)(A) of title 5, United States Code, is amended by adding at the end thereof the following: "This paragraph shall apply with respect to a qualified clinical social worker covered by subsection (k)(2) of this section without regard to whether such contract contains the requirement authorized by clause (i) of the second sentence of subparagraph (A) of such subsection (k)(2).".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect with respect to services provided after December 31, 1984.

SEC. 107. MENTAL HEALTH, ALCOHOLISM, AND DRUG ADDICTION BENEFITS.

(a) FINDINGS.—The Congress finds that—

(1) the treatment of mental illness, alcoholism, and drug addiction are basic health care services which are needed by approximately 40,000,000 Americans each year;

(2) treatment of mental illness, alcoholism, and drug addiction is increasingly successful;

(3) timely and appropriate treatment of mental illness, alcoholism, and drug addiction is cost effective in terms of restored productivity, reduced utilization of other health services, and reduced social dependence; and

(4) mental illness is a problem of grave concern to the people of the United States and is widely but unnecessarily feared and misunderstood.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress—

(1) that participants in the Federal employees health benefits program should receive adequate benefits coverage for treat-

ment of mental illness, alcoholism, and drug addiction; and

(2) that the Office of Personnel Management should encourage participating health benefits plans to provide adequate benefits relating to treatment of mental illness, alcoholism, and drug addiction (including benefits relating to coverage for inpatient and outpatient treatment and catastrophic protection benefits).

SEC. 108. STUDY OF THE ADEQUACY OF HEALTH BENEFITS PROGRAM INFORMATION.

(a) IN GENERAL.—Not later than March 1, 1986, the Office of Personnel Management shall (1) study the adequacy of any sources or methods currently provided under chapter 89 of title 5, United States Code, to assist individuals in making informed decisions concerning the choice of a health benefits plan under such chapter and the use of benefits available under any such plan, and (2) submit to the Committee on Post Office and Civil Service of the House of Representatives and the Committee on Governmental Affairs of the Senate a report on the findings and determinations of the Office resulting from such study.

(b) REPORT REQUIREMENTS.—The report required by subsection (a) shall include—

(1) an assessment of the adequacy of the sources and methods referred to in such subsection in advising individuals with respect to the coordination of benefits under chapter 89 of title 5, United States Code, with benefits available under other health insurance programs established by or under Federal law, including title XVIII of the Social Security Act; and

(2) the administrative actions and any recommendations for legislation which the Office considers necessary in order to improve the effectiveness of any such source or method.

SEC. 109. DEMONSTRATION PROJECT.

(a) DEFINITIONS.—For the purposes of this section—

(1) "health protection" means activities to minimize environmental and other workplace conditions which cause or aggravate stress, illness, disability, or other health impairments, including such activities as—

(A) accommodation of the handicapped;

(B) review of plans for new or altered facilities;

(C) routine inspections, surveys, studies of worksites;

(D) inspections of worksites by a physician or nurse;

(E) evaluation and monitoring of worksite hazards; and

(F) investigations of causes of occupational disease or injury;

(2) "health promotion" means activities to encourage the development of health enhancing habits and practices, including activities encouraging—

(A) cessation of tobacco smoking;

(B) reduction in the misuse of alcohol, drugs, and other chemical substances;

(C) improvements in nutrition;

(D) improvements in physical fitness; and

(E) control of stress;

(3) "disease prevention" means activities to prevent unnecessary illnesses, morbidity, disability, and medical treatment, including—

(A) occupationally related examinations;

(B) general health assessments;

(C) biological monitoring;

(D) immunizations, chemoprophylaxis, fitting respirators and hearing protectors, use of barrier creams, control of high blood pressure, control of sexually transmittable diseases, care to improve pregnancy outcome, control of toxic agents, control or elimination of hazards leading to accidental injuries, control of infectious agents, and other health intervention activities; and

(E) referral to private physicians and dentists; and

(4) "secondary prevention" means—

(A) activities to provide on-the-job emergency health and dental care and assistance, and

(B) rehabilitation or follow-up care after emergency care,

to reduce morbidity, disability, lost production, and medical treatment.".

(b) IN GENERAL.—The Director of the Office of Personnel Management, in consultation with the Secretary of Health and Human Services, shall establish and carry out at least one demonstration project to determine—

(1) the most effective (including cost-effective) means of—

(A) furnishing health protection, health promotion, disease prevention, and secondary prevention services to Federal Government employees;

(B) encouraging such employees to adopt good health habits;

(C) reducing health risks to such employees, particularly the risks of heart disease, cancer, stroke, diabetes, anxiety, depression, and lifestyle-related accidents;

(D) reducing medical expenses of such employees through health protection, health promotion, disease prevention, and secondary prevention activities;

(E) enhancing employee productivity and reducing health related liability of the Federal Government through a comprehensive occupational health program; and

(F) carrying out a program—

(i) to train employees under the jurisdiction of a Federal Government agency to furnish health protection, health promotion, disease prevention, and secondary prevention services to employees of such agency; and

(ii) to promote interagency agreements under which trained employees of an agency are available to furnish such services to employees of other Federal Government agencies, subject to reimbursement of the costs of the agency in making the trained employees available; and

(2) the cost effectiveness of organizational structures and of social and educational programs which may be useful in achieving the objectives described in clause (1).

(c)(1) CONDUCT OF THE DEMONSTRATION PROJECT.—The demonstration project described in subsection (b) shall be conducted in cooperation with at least one—

(A) health profession school;

(B) allied health profession or nurse training institution; or

(C) public or private entity which provides health care.

(2)(A) The Director of the Office of Personnel Management, in consultation with the Secretary of Health and Human Services, may enter into contracts with, or make grants to, any school of medicine, school of osteopathy, school of public health, health maintenance organization, or other qualified health care provider for the purpose of carrying out the demonstration project described in subsection (b).

(B) For the purposes of this paragraph, the terms "school of medicine" and "school of osteopathy" have the same meanings as provided for such terms in section 701(4) of the Public Health Service Act (42 U.S.C. 292a(4)).

(d) REPORT.—Not later than 60 days after the date the demonstration project required by subsection (b) terminates, the Director of the Office of Personnel Management, in consultation with the Secretary of Health and Human Services, shall submit to Congress a report on the project.

(e) ESTABLISHMENT AND TERMINATION REQUIREMENTS.—The demonstration project required by subsection (b) shall be established not later than 6 months after the date of enactment of this Act and shall terminate on the date 2 years after such date of enactment.

TITLE II—CIVIL SERVICE SPOUSE AND FORMER SPOUSE EQUITY IMPROVEMENTS

SEC. 201. REVISION OF THE APPLICATION AND SPECIAL ELECTIONS PROVISIONS OF THE CIVIL SERVICE RETIREMENT SPOUSE EQUITY ACT OF 1984.

(a) APPLICATION.—Section 4(a) of the Civil Service Retirement Spouse Equity Act of 1984 (Public Law 98-615; 98 Stat. 3204) is amended to read as follows:

"(a)(1) Except as provided in paragraphs (3), (4), (5), and (6) and subsections (b) and (c), the amendments made by section 2 of this Act shall take effect May 7, 1985, and shall apply—

"(A) to any individual who, on or after such date, is married to an employee or Member who, on or after such date, retires, dies, or applies for a refund of contributions under subchapter III of chapter 83 of title 5, United States Code, and

"(B) to any individual who, as of such date, is married to a retired employee or Member,

unless (i) such employee or Member has waived, under the first sentence of section 8339(j)(1) of such title (or a similar prior provision of law), the right of that individual's spouse to receive a survivor annuity, or (ii) in the case of a post-retirement marriage or remarriage, an election has not been made before such date by such employee or Member with respect to such individual under the applicable provisions of section 8339(j)(1) or 8339(k)(2) of such title, as the case may be (or a similar prior provision of law).

"(2) Except as provided in subsection (f), the amendments made by section 3 of this Act shall take effect May 7, 1985, and shall apply to any individual who, on or after such date, is married to an employee or annuitant.

"(3) The amendments made by subparagraphs (B)(iii) and (C)(ii) of section 2(4) of this Act (relating to the termination of survivor benefits for a widow or widower who remarries before age 55) and the amendments made by subparagraph (F) of such section 2(4) (relating to the restoration of a survivor annuity upon the dissolution of such a remarriage) shall apply—

"(A) in the case of a remarriage occurring on or after the date of the enactment of this Act; and

"(B) with respect to periods beginning on or after such date.

"(4)(A) Except as provided in subparagraph (B), the amendment made by section 2(3)(A) of this Act (but only to the extent that it amends title 5, United States Code, by adding a new section 8339(j)(5)(C)) and the amendment made by section 2(3)(C) of this Act (which relate to the election of a survivor annuity for a spouse in the case of a post-retirement marriage or remarriage) shall apply—

"(i) to an employee or Member who retires before, on, or after May 7, 1985; and

"(ii) in the case of a marriage occurring after May 7, 1985.

"(B) The amendments referred to in subparagraph (A) shall not apply in the case of a marriage of an employee or Member retiring before May 7, 1985, if the marriage occurred after May 6, 1985, and before the date of the enactment of the Federal Employees Benefits Improvement Act of 1985.

"(C) Any election by an employee or Member described in subparagraph (B) to provide a survivor annuity for that individual's spouse by a marriage described in such subparagraph shall be effective if made in accordance with the applicable provisions of section 8339(j)(1) or 8339(k)(2) of title 5, United States Code, as the case may be, as in effect on May 6, 1985.

"(5)(A) Paragraphs (2), (3), (4), and (5)(B) of section 8339(j) of title 5, United States Code (as added by section 2(3)(A) of this Act), shall apply to a former spouse of an employee or Member whose marriage to such employee or Member terminated before May 7, 1985, if such employee or Member retires on or after such date.

"(B) An employee or Member who retires on or after May 7, 1985, and before the date of the enactment of the Federal Employees Benefits Improvement Act of 1985, may elect to receive a reduced annuity under section 8339(j)(3) of title 5, United States Code (as amended by section 2(3)(A) of this Act), in order to provide a survivor annuity, under section 8341(h) of such title (as amended by section 2(4)(G) of this Act), for a former spouse referred to in subparagraph (A).

"(C) A survivor annuity shall be paid a former spouse as provided in section 8341(h) of title 5, United States Code (as amended by section 2(4)(G) of this Act), pursuant to an election made in the case of such former spouse under this paragraph.

"(D) The amendments made by paragraphs (6) and (7) of section 2 of this Act shall apply in the case of survivor annuities and elections authorized by this paragraph.

"(6) The amendment made by section 2(4)(A) of this Act (relating to the definition of a widow or widower) and the amendment made by section 2(4)(G) of this Act (but only to the extent that it amends title 5, United States Code, by adding a new section 8341(i)) shall apply with respect to any marriage occurring on or after May 7, 1985.".

(b) ENTITLEMENT OF A FORMER SPOUSE IN CASE OF RETIREMENT OR DEATH OF AN EMPLOYEE OR MEMBER BEFORE THE EFFECTIVE DATE.—Section 4(b) of the Civil Service Retirement Spouse Equity Act of 1984 (Public Law 98-615; 98 Stat. 3205) is amended—

(1) in paragraph (1)—

(A) by striking out "the one hundred and eightieth day after the date of enactment of this Act" in the matter before subparagraph (A) and inserting in lieu thereof "May 7, 1985, or who died after becoming eligible to retire and before such date,";

(B) by striking out "retired" in the matter before clause (i) in subparagraph (B); and

(C) by striking out clause (iii) in subparagraph (B) and by redesignating clauses (iv), (v), and (vi) of such subparagraph as clauses (iii), (iv), and (v), respectively; and

(2) by redesignating paragraph (4) as paragraph (6);

(3) by inserting after paragraph (3) the following new paragraph (4):

"(4)(A) A former spouse of an employee or Member referred to in the matter before subparagraph (A) in paragraph (1) of this section shall be entitled to a survivor annuity under subparagraph (B) of such paragraph if—

"(i) the former spouse satisfies the requirements of clauses (ii) through (v) of such subparagraph (B); and

"(ii) there is no surviving spouse of the employee or Member and no other former spouse of such employee or Member who is entitled to receive a survivor annuity under subchapter III of chapter 83 of title 5, United States Code, based on the service of such employee or Member which is creditable under such subchapter and there is no other person who has been designated to receive a survivor annuity under such subchapter by reason of an insurable interest in such employee or Member.

"(B) For the purposes of this paragraph, the term 'surviving spouse' means a widow or a widower as defined in paragraphs (1) and (2), respectively, of section 8341(a) of title 5, United States Code."; and

(4) in paragraph (6), as redesignated by clause (2) of this subsection—

(A) by striking out "Member," in the matter before subparagraph (A) and inserting in lieu thereof "Member (or of that portion of the annuity which such employee or Member may have designated for this purpose under paragraph (1)(A) of this subsection),"; and

(B) by striking out "section 8341(b)(4)" in the matter following subparagraph (B) and inserting in lieu thereof "section 8341(h)(2)".

(c) ELIGIBILITY OF CERTAIN FORMER SPOUSES TO ENROLL IN A FEDERAL EMPLOYEES HEALTH BENEFITS PLAN.—(1) The first sentence of section 4(f) of the Civil Service Retirement Spouse Equity Act of 1984 is amended to read as follows: "Any individual—

"(1) who is entitled to a survivor annuity under subsection (b) of this section or pursuant to an election authorized by reason of the application of subsection (a)(5) of this section,

"(2) as to whom a court order or decree referred to in section 8345(j) of title 5, United States Code (or similar provision of law under a retirement system for Government employees other than the Civil Service Retirement System) has been issued before May 7, 1985, or

"(3) who is entitled (other than as described in paragraph (2)) to an annuity or any portion of an annuity as a former spouse under a retirement system for Government employees as of May 7, 1985,

shall be considered to have satisfied section 8901(10)(C) of title 5, United States Code, as amended by this Act.".

(2) The second sentence of such section 4(f) is amended—

(A) by inserting ", within 12 months after the date of the enactment of the Federal Employees Benefits Improvement Act of 1985," before "enroll"; and

(B) by inserting before the period at the end the following: "(other than the conditions prescribed in subparagraphs (A) and (B) of paragraph (1) of such section 8905(c))".

(d) ADDITIONAL ELECTION.—(1) Notwithstanding the time limitation prescribed in subparagraph (A) of section 4(b)(1) of the Civil Service Retirement Spouse Equity Act of 1984, an election may be made under such subparagraph before the expiration of the 12-month period beginning on the date on which the regulations under paragraph (3) of this subsection first take effect.

(2) Any retired employee or Member who has made an election under section 4(b)(1)(A) of the Civil Service Retirement Spouse Equity Act of 1984 (as in effect at the time of such election) before the regulations under paragraph (3) of this subsection become effective may modify such election by designating, in writing, that only a portion of such employee or Member's annuity is to be used as the base for the survivor annuity for the former spouse for whom the election was made. A modification under this subparagraph shall be subject to the deadline under paragraph (1) of this subsection.

(3) The Office of Personnel Management shall prescribe regulations to carry out this subsection, including regulations under which an appropriate refund shall be made in the case of a modification under paragraph (2) of this subsection.

SEC. 202. SPECIAL ELECTION FOR SURVIVING SPOUSES OF CERTAIN DECEASED FEDERAL OFFICERS AND EMPLOYEES.

(a) ELECTION.—If an employee or Member died during the period the employee or Member was entitled to make an election under section 4(c) of the Civil Service Retirement Spouse Equity Act of 1984 (Public Law 98-615; 98 Stat. 3206) and the employee or Member did not make such an election, the surviving spouse of such deceased employee or Member may elect in writing, within 1 year after the date of the enactment of the Federal Employees Benefits Improvement Act of 1985—

(1) to receive a survivor annuity under section 8341(b) of title 5, United States Code, and

(2) to make the deposit (or submit to the collection) provided in such section 4(c).

(b) PAYMENT OF SURVIVOR ANNUITY.—A surviving spouse who makes an election authorized by subsection (a) shall be paid a survivor annuity under section 8341(b) of title 5, United States Code, commencing on the first day of the second month which begins after the month in which the surviving spouse makes the election.

(c) NOTICE AND DOCUMENTATION REQUIREMENTS.—The public notice and documentation requirements prescribed in section 4(c) of the Civil Service Retirement Spouse Equity Act of 1984 shall apply to an election under subsection (a).

(d) FUNDING.—The Office of Personnel Management shall take into account the cost of survivor annuities under this section and the deposits made under this section in making the determinations required by section 4(e) of the Civil Service Retirement Spouse Equity Act of 1984 (Public Law 98-615; 98 Stat. 3207).

(e) REGULATIONS.—The Office of Personnel Management may prescribe regulations to carry out this section.

(f) DEFINITIONS.—For the purposes of this section—

(1) the term "employee" has the same meaning as provided in section 8331(1) of title 5, United States Code;

(2) the term "Member" has the same meaning as provided in section 8331(2) of such title;

(3) the term "surviving spouse" means a widow or widower, as defined in paragraphs (1) and (2), respectively, of section 8341(a) of such title.

SEC. 203. CREDIT FOR MILITARY SERVICE.

Section 8332(j)(1) of title 5, United States Code, is amended by striking out "widow" each place it appears and inserting in lieu thereof "spouse, former spouse".

SEC. 204. ANNUITY REDUCTIONS.

(a) IRREVOCABILITY OF A JOINT SPOUSAL WAIVER.—Section 8339(j)(3) of title 5, United States Code, is amended by inserting ", unless all rights to survivor benefits for such former spouse under this subchapter based on marriage to such employee or Member were waived under paragraph (1) of this

subsection" before the period at the end of the first sentence.

(b) REPLACEMENT OF TERMINATED REDUCTION.—Section 8339(j)(5)(B) of title 5, United States Code, is amended to read as follows:

"(B) Any reduction in an annuity for the purpose of providing a survivor annuity for a former spouse of a retired employee or Member shall be terminated for each full month after the former spouse remarries before reaching age 55 or dies. This reduction shall be replaced by an appropriate reduction or reductions under paragraph (4) of this subsection if the retired employee or Member has (i) another former spouse who is entitled to a survivor annuity under section 8341(h) of this title, (ii) a current spouse to whom the employee or Member was married at the time of retirement and with respect to whom a survivor annuity was not jointly waived under paragraph (1) of this subsection, or (iii) a current spouse whom the employee or Member married after retirement and with respect to whom an election has been made under subparagraph (C) of this paragraph or subsection (k)(2) of this section.".

(c) ELECTIONS RELATING TO A SURVIVOR ANNUITY FOR A PERSON WHO HAS AN INSURABLE INTEREST IN AN ANNUITANT.—(1) Section 8339(j)(5)(C) of title 5, United States Code, is amended by adding at the end thereof the following:

"(v) An election to provide a survivor annuity to a person under this subparagraph—

"(I) shall prospectively void any election made by the employee or Member under subsection (k)(1) of this section with respect to such person; or

"(II) shall, if an election was made by the employee or Member under such subsection (k)(1) with respect to a different person, prospectively void such election if appropriate written application is made by such employee or Member at the time of making the election under this subparagraph.

"(vi) The deposit provisions of clauses (ii) and (iii) of this subparagraph shall not apply if—

"(I) the employee or Member makes an election under this subparagraph after having made an election under subsection (k)(1) of this section; and

"(II) the election under such subsection (k)(1) becomes void under clause (v) of this subparagraph.".

(2) Section 8339(k)(1) of such title is amended by adding at the end thereof the following: "In the case of a married employee or Member, an election under this paragraph on behalf of the spouse may be made only if any right of such spouse to a survivor annuity based on the service of such employee or Member is waived in accordance with subsection (j)(1) of this section.".

(3) Paragraph (2) of section 8339(k) of such title is amended—

(A) by striking out subparagraph (B)(i) and inserting in lieu thereof the following:

"(B)(i) The election and reduction shall take effect on the first day of the first month beginning after the expiration of the 9-month period beginning on the date of marriage. Any such election to provide a survivor annuity for a person—

"(I) shall prospectively void any election made by the employee or Member under paragraph (1) of this subsection with respect to such person; or

"(II) shall, if an election was made by the employee or Member under such paragraph with respect to a different person, prospectively void such election if appropriate written application is made by such employee or Member at the time of making the election under this paragraph.";

(B) by striking out "(other than an employee or Member who made a previous election under paragraph (1) of this subsection)" in subparagraph (B)(ii); and

(C) by adding at the end thereof the following new subparagraph (D):

"(D) Subparagraphs (B)(ii) and (C) of this paragraph shall not apply if—

"(i) the employee or Member makes an election under this paragraph after having made an election under paragraph (1) of this subsection; and

"(ii) the election under such paragraph (1) becomes void under subparagraph (B)(i) of this paragraph.".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect May 7, 1985.

SEC. 205. PRORATED COST-OF-LIVING ADJUSTMENTS FOR THE FIRST YEAR.

Section 8340(c)(1) of title 5, United States Code, is amended—

(1) by striking out "or widower" the first time it appears and inserting in lieu thereof ", widower, or former spouse,"; and

(2) by striking out "or widower" the second and third time it appears and inserting in lieu thereof ", widower, former spouse, or insurable interest designee".

SEC. 206. SURVIVOR BENEFITS FOR CHILDREN.

(a) EQUITABLE SURVIVOR ANNUITIES FOR SURVIVING CHILDREN.—Section 8341(e) of title 5, United States Code, is amended—

(1) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively; and

(2) by inserting before paragraph (2), as redesignated by clause (1), the following new paragraph:

"(1) For the purposes of this subsection, 'former spouse' includes a former spouse who was married to an employee or Member for less than 9 months and a former spouse of an employee or Member who completed less than 18 months of service covered by this subchapter.".

(b) INDIVIDUAL DETERMINATION OF SURVIVOR ANNUITY AMOUNT.—Section 8341(e)(2) of title 5, United States Code, as redesignated by subsection (a)(1) of this section, is amended by striking out "each surviving child" both times it appears and inserting in lieu thereof "that surviving child".

SEC. 207. DEFERRED ANNUITIES FOR FORMER SPOUSES OF FORMER MEMBERS OF CONGRESS.

Section 8341(h)(1) of title 5, United States Code, is amended by striking out "or annuitant" and inserting in lieu thereof "annuitant, or former Member who was separated from the service with title to a deferred annuity under section 8338(b) of this title".

SEC. 208. CHANGES IN COURT ORDERS AFTER DEATH.

Section 8341(h)(4)(A) of title 5, United States Code, is amended by inserting "or death" after "retirement".

SEC. 209. EFFECT OF A SEPARATION AGREEMENT ON REFUND OF A LUMP-SUM CREDIT.

Section 8342(j)(1)(B) of title 5, United States Code, is amended to read as follows:

"(B) shall be subject to the terms of a court decree of divorce, annulment, or legal separation or any court order or court approved property settlement agreement incident to such decree if—

"(i) the decree, order, or agreement expressly relates to any portion of the lump-sum credit involved; and

"(ii) payment of the lump-sum credit would extinguish entitlement of the employee's or Member's spouse or former spouse to a survivor annuity under section 8341(h) of this title or to any portion of an annuity under section 8345(j) of this title.".

TITLE III—MISCELLANEOUS CIVIL SERVICE AMENDMENTS

SEC. 301. RECEPTION AND REPRESENTATION EXPENSES OF THE OFFICE OF PERSONNEL MANAGEMENT.

Section 1103(a) of title 5, United States Code, is amended—

(1) by striking out "and" after paragraph (7);

(2) by striking out the period after paragraph (8) and by inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (8) the following:

"(9) incurring official reception and representation expenses of the Office subject to any limitation prescribed in any law.".

SEC. 302. EXCEPTION TO NOTICE REQUIREMENTS FOR ROUTINE PAY MATTERS.

Section 1103(b) of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(4) Paragraphs (1) and (2) of this subsection and section 1105 of this title shall not apply to the establishment of any schedules or rates of basic pay or allowances under subpart D of part III of this title. The preceding sentence does not apply to the establishment of the procedures, methodology, or criteria used to establish such schedules, rates, or allowances.".

SEC. 303. PREDEPARTURE ALLOWANCE.

Section 5924(2)(A) of title 5, United States Code, is amended by inserting after "United States" the following: ", its territories or possessions, the Commonwealth of Puerto Rico, or the areas and installations in the Republic of Panama made available to the United States pursuant to the Panama Canal Treaty of 1977 and related agreements".

SEC. 304. DENTAL CARE IN GOVERNMENT MEDICAL FACILITIES OVERSEAS.

The second sentence of section 5 of the Act of May 10, 1943 (24 U.S.C. 35; 57 Stat. 81) is amended to read as follows: "Routine dental care, other than dental prosthesis and orthodontia, may be furnished to such persons who are outside the naval service under the same conditions as are prescribed in section 4 of this Act for hospital and dispensary care for such persons.".

The PRESIDING OFFICER. If there be no further amendment to be proposed the question is on agreeing to the committee amendment in the nature of a substitute.

The committee amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the committee amendment and third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (H.R. 3384) was passed.

Mr. GARN. Mr. President, I move to reconsider the vote by which the bill was passed.

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

The motion to lay on the table was agreed to.

GOODLOE E. BYRON MEMORIAL PEDESTRIAN WALKWAY

Mr. GARN. Mr. President, I ask unanimous consent the Energy Committee be discharged from further consideration of H.R. 3735 and I ask for its immediate consideration.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 3735) to designate the pedestrian walkway crossing the Potomac River at Harpers Ferry National Historical Park as the Goodloe E. Byron Memorial Pedestrian Walkway.

The Senate proceeded to consider the bill.

GOODLOE E. BYRON MEMORIAL PEDESTRIAN WALKWAY

Mr. MATHIAS. Mr. President, I rise in support of H.R. 3735, a bill to designate the newly constructed pedestrian walkway crossing the Potomac River at Harpers Ferry National Historic Park as the Goodloe E. Byron Pedestrian Walkway.

Before his death in October 1978, Representative Byron served 8 years in the House of Representatives, representing western Maryland with vigor and enthusiasm. He was an heir to a family tradition of public service to western Maryland. Both his father and mother served as Members of the House of Representatives. Goodloe Byron was succeeded in the House by his wife, BEVERLY BYRON.

While Goodloe and his family thrived on politics, he also was intensely interested in the world of nature. As a boy scout in Williamsport, MD, he became acquainted with the Appalachian Trail and the towpath of the Chesapeake and Ohio Canal. Later in his life he hiked and camped on the trail with his family. Literally the last hour of his life was spent on the towpath. He was an outdoorsman, a naturalist, a great jogger and hiker. And he translated this appreciation for nature into action.

During his tenure in Congress, he concentrated his efforts on preserving a number of vital natural resources important to his district and its surroundings, including the Chesapeake and Ohio National Park, the Appalachian Trail and one of the most historic areas on the Potomac River. The foot bridge connects all these resources. It links Harpers Ferry with the C&O Canal and the Appalachian Trail will be rerouted across it. Its designation in his name, therefore, would be an appropriate commemoration to Representative Byron.

I urge my colleagues to support this legislation.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 3735) was ordered to a third reading, was read the third time, and passed.

Mr. GARN. Mr. President, I move to reconsider the vote by which the bill was passed.

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

The motion to lay on the table was agreed to.

CONVERSION OF TEMPORARY FLEX-TIME AUTHORITY TO PERMANENT AUTHORITY

Mr. GARN. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 227, H.R. 1534, the flexitime bill.

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

The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 1534) to convert the temporary authority to allow Federal employees to work on a flexible or compressed schedule under title 5, United States Code, into permanent authority.

The Senate proceeded to consider the bill.

Mr. STEVENS. Mr. President, I am pleased to support the passage of H.R. 1534—a bill that would permanently reauthorize the Alternative Work Schedules Program in the Federal Government.

The program will expire on December 31, 1985, unless we pass and the President signs this legislation. The termination of this program would have drastic negative effects not only on the affected Federal employees but on the public they serve.

This highly successful program was established in 1978, and was extended in 1982, and on three separate occasions this year. It has allowed agencies to establish and administer flexible and compressed work schedules for Federal employees. Generally, flexible schedules permit employees, within limits, to vary the times they report for and depart from work. Compressed schedules permit employees to work longer than 8 hours per day and thereby complete their biweekly work schedules in less than 10 days. More than 300,000 Federal employees, in nearly every agency, are currently working under alternative work schedules.

The successes of the Federal program and numerous private sector programs are legion. According to the Office of Personnel Management [OPM], the program has proven to be generally successful and to have had positive effects on productivity and service to the public. It has also been beneficial to employees by allowing them more flexibility to meet their personal needs and commitments. For instance, parents may arrange their work hours to meet family and household responsibilities.

In short, this program has provided agencies with the management flexibility to meet employee needs without a loss in productivity and without a diminution in service to the public. We cannot afford to abandon this valuable management tool. I urge adoption of H.R. 1534.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 1534) was ordered to a third reading, was read the third time, and passed.

Mr. GARN. Mr. President, I move to reconsider the vote by which the bill was passed.

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

The motion to lay on the table was agreed to.

CONVEYANCE OF LAND TO BELLVILLE WESLEYAN CHURCH

Mr. GARN. Mr. President, I ask unanimous consent that the Senate turn to the consideration of H.R. 2976 dealing with land conveyance to New York State which was received from the House of Representatives today.

The PRESIDING OFFICER. Is there objection? Without objection, the bill will be considered as read twice and the Senate will proceed to its consideration. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 2976) to direct the Secretary of Agriculture to release the condition requiring that a parcel of land conveyed to New York State be used for public purposes and to convey United States mineral interests in the parcel to New York State.

The Senate proceeded to consider the bill.

Mr. MOYNIHAN. Mr. President, I am pleased the Senate is acting so expeditiously on H.R. 2976, a bill introduced by Representative STAN LUNDINE authorizing and directing the Secretary of Agriculture to permit the conveyance of 5.8 acres of land to the Bellville Wesleyan Church in Caneadea, NY.

In the late 1930's, the Federal Government—under authority of the Bankhead-Jones Farm Tenant Act of 1937 (50 Stat. 525)—acquired some 3,600 acres of marginal farm lands in and around Caneadea for rural resettlement. The Federal Government then managed the properties as a land utilization project. In 1961, the De-

partment of Agriculture conveyed the acreage by quitclaim deed to New York State for $1, on the condition the State use the land for public purposes. If it ceased to do so, ownership would revert to the Federal Government, which also retained mineral interests.

The New York State Department of Environmental Conservation [DEC] has managed the properties as part of the larger Hanging Bog Game Management Area since conveyance 24 years ago. The 5.8-acre parcel in question is adjacent to the Bellville Wesleyan Church. Although managed by DEC as part of the Hanging Bog Game Management Area, a public highway separates and isolates it. Because of its size and location, it is not used in any significant way.

In 1976, the State authorized the conveyance of the 5.8 acres to the church (for fair and equitable consideration) upon release of the U.S.-held reversionary interest contained in the 1961 deed. H.R. 2976 directs the Secretary of Agriculture to release that interest, and it further directs the Secretary of the Interior to convey the mineral interests if the church is willing and able to reimburse the State for them.

The church is willing and able to pay for the land and mineral rights, assessed by a local real estate firm at $300 per acre. The church intends to use a portion of the land for a septic system and another portion for a small parking lot. Most of the land, now overgrown with small brush, would remain unchanged.

Mr. President, adoption of H.R. 2976 is most important to the church, whose congregation was formed nearly 100 years ago, in 1886. I might add that the church serves as an important religious center in this sparsely populated area of southwestern New York. I know of no opposition to the bill, and I am happy to commend it to my colleagues.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill (H.R. 2976) was read the third time and passed.

Mr. GARN. Mr. President, I move to reconsider the vote by which the bill was passed.

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

The motion to lay on the table was agreed to.

AUTHORIZATION OF TESTIMONY OF SENATOR BOREN

Mr. GARN. Mr. President, I send to the desk a resolution on behalf of Senator DOLE and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 269) authorizing testimony of Senator BOREN in the case of *Sheryl P. Shreckengost* v. *Caspar Weinberger, et al.*, C.A. No. 85-0638-A.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. DOLE. Mr. President, Senator BOREN has received a request that he be deposed by the plaintiff in the case of *Sheryl P. Shreckengost* v. *Caspar Weinberger, et al.*, C.A. No. 85-0638-A, pending in the U.S. District Court for the Eastern District of Virginia.

Senator BOREN is not a party to this action. The resolution would authorize him to testify at the deposition except when his attendance at the Senate is necessary for the performance of his legislative duties.

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

The resolution (S. Res. 269) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

Whereas, in the case of *Sheryl P. Shreckengost* v. *Caspar Weinberger, et al.*, C.A. No. 85-0638-A, pending in the United States District Court for the Eastern District of Virginia, the plaintiff has requested a deposition of Senator David L. Boren.

Whereas, by Rule VI of the Standing Rules of the Senate, no Senator shall absent himself from the service of the Senate without leave; Now, therefore, be it

Resolved, That Senator Boren is authorized to testify in the case of *Sheryl P. Shreckengost* v. *Caspar Weinberger, et al.*, C.A. No. 85-0638-A, except when his attendance at the Senate is necessary for the performance of his legislative duties.

Mr. GARN. 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.

TESTIMONY OF SENATE FINANCIAL CLERK IN CIVIL ACTION

Mr. GARN. Mr. President, I send to the desk a resolution on behalf of Senator DOLE and Senator BYRD, and I ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 270) to authorize the testimony and production of documents by the Senate Financial Clerk.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. DOLE. Mr. President, this past Friday, our Financial Clerk, Stu Balderson, received a subpoena obtained by counsel for the plaintiff in the case of Wilbur G. DePerini against Paul Terrence O'Grady to testify and produce pay records at a civil trial in D.C. Superior Court on Thursday of this week.

Mr. DePerini, a former second assistant superintendent in our Press Gallery, is suing a third party to recover projected losses he will have suffered because of a lower annuity resulting from his premature, disability retirement following injuries sustained in an automobile accident. Mr. Balderson's appearance has been requested for the purpose of verifying the plaintiff's earnings at the time he left the Senate and estimating what DePerini might have been making with cost of living increases had he worked another 5 years to age 60.

This resolution would authorize Mr. Balderson to so testify before the court as one who has firsthand information concerning Senate employee salaries and submits such data to the Office of Personnel Management for annuity calculations. He would thus be appearing only in his capacity as paymaster of the Senate and not as an expert witness or authority on actual retirement computations. Mr. President, I move adoption of the resolution.

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

The resolution (S. Res. 270) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

Whereas, in the case of *Wilbur G. DePerini* v. *Paul Terrence O'Grady*, Civil Action No. 8420-82, pending in the Superior Court of the District of Columbia, counsel for the plaintiff has obtained a subpoena for the testimony of and production of documents by Stuart F. Balderson, Senate Financial Clerk;

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 concerning information acquired in the course of his official duties and that documents, papers and records under the control or in the possession of the Senate are 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 Stuart F. Balderson is authorized to testify and produce documents before the Superior Court of the District of Columbia in the case of *Wilbur G. DePerini*

v. *Paul Terrence O'Grady*, except concerning matters which are privileged.

Mr. GARN. 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.

NATIONAL AGRICULTURE DAY

Mr. GARN. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on Senate Joint Resolution 70.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the resolution from the Senate (S.J. Res. 70) entitled "Joint resolution to proclaim March 20, 1985, as 'National Agriculture Day'", do pass with the following amendments:

Page 2, line 3, strike out "1985", and insert: 1986

Amend the title so as to read: "Joint resolution to proclaim March 20, 1986, as 'National Agriculture Day'.".

Mr. GARN. Mr. President, I move that the Senate concur in the House amendments.

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

The motion was agreed to.

Mr. GARN. Mr. President, I move to reconsider the vote by which the motion was agreed to.

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

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. GARN. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the following nominations on the Executive Calendar, Calendar Order No. 575, Warren J. Baker, and Calendar Order No. 576, Jerry Lee Calhoun.

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

The PRESIDING OFFICER. The Senator from West Virginia reserves the right to object.

Mr. BYRD. Mr. President, I remove my reservation.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nominations will be stated.

NATIONAL SCIENCE FOUNDATION

The legislative clerk read the nomination of Warren J. Baker, of California, to be a member of the National Science Board, National Science Foundation.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

FEDERAL LABOR RELATIONS AUTHORITY

The legislative clerk read the nomination of Jerry Lee Calhoun, of Washington, to be a member of the Federal Labor Relations Authority.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. GARN. Mr. President, I move to reconsider the votes by which the nominations were confirmed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GARN. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

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

LEGISLATIVE SESSION

Mr. GARN. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

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

ORDER TO HOLD AT THE DESK H.R. 1627

Mr. GARN. Mr. President, I ask unanimous consent that once the Senate receives from the House H.R. 1627, Kentucky wilderness bill, it be held at the desk pending further disposition.

The PRESIDING OFFICER. 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.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

ENROLLED BILL AND JOINT RESOLUTION SIGNED

At 11:05 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bill and joint resolution.

H.R. 3003. An act to authorize the Secretary of the Interior to convey certain land located in the State of Maryland to the Maryland National Capitol Park and Planning Commission; and

H.J. Res. 473. Joint resolution waiving the printing on parchment of the enrollment of House Joint Resolution 372.

The enrolled bill and joint resolution were subsequently signed by the President pro tempore [Mr. THURMOND].

At 1:15 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 joint resolution (H.J. Res. 465) making further continuing appropriations for the fiscal year 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 the following as managers of the conference on the part of the House:

Mr. WHITTEN, Mr. BOLAND, Mr. NATCHER, Mr. SMITH of Iowa, Mr. ADDABBO, Mr. YATES, Mr. OBEY, Mr. ROYBAL, Mr. BEVILL, Mr. CHAPPELL, Mr. LEHMAN of Florida, Mr. DIXON, Mr. FAZIO, Mr. HEFNER, Mr. CONTE, Mr. MCDADE, Mr. MYERS of Indiana, Mr. COUGHLIN, Mr. KEMP, Mr. REGULA, Mrs. SMITH of Nebraska, and Mr. SKEEN, for consideration of all provisions.

Mr. TRAXLER, Mr. MCHUGH, Mr. AKAKA, Mr. WATKINS, Mr. DURBIN, and Mr. ROGERS, solely for consideration of Senate amendments numbered 1 and 19 through 23, and modifications thereof committed to conference.

Mr. MURTHA, Mr. DICKS, Mr. WILSON, Mr. AUCOIN, Mr. YOUNG of Florida, Mr. MILLER of Ohio, and Mr. LVINGSTON, solely for consideration of Senate amendments numbered 4, 5, and 33 through 48, and modifications thereof committed to conference.

Mr. MURTHA, Mr. DICKS, Mr. AUCOIN, and Mr. LOEFFLER, solely for consideration of Senate amendments numbered 7, 60 through 65, and 67 through 100, and modifications thereof committed to conference.

Mr. SABO, Mr. GRAY of Pennsylvania, Mr. CARR, Mr. DURBIN, Mr. MRAZEK, Mr. PURSELL, and Mr. WOLF, solely for consideration of Senate amendments numbered 8, 118, 119, 120, 121, and 122, and modifications thereof committed to conference.

Mr. MCHUGH, Mr. WILSON, Mr. GRAY of Pennsylvania, Mr. MRAZEK, Mr. EDWARDS of Oklahoma, Mr. LEWIS of California, and Mr. PORTER, solely for consideration of Senate amendments numbered 14, 52, 53, 54, 55, and 56, and modifications thereof committed to conference.

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

H.R. 850. An act to modify the boundary of the Humboldt National Forest in the State of Nevada, and for other purposes;

H.R. 1538. An act to amend title 38, United States Code, to provide a 3.4-percent increase in the rates of compensation and of dependency and indemnity compensation [DIC] paid by the Veterans' Administration;

H.R. 1627. An act to designate certain national forest system lands in the State of Kentucky for inclusion in the National Wilderness Preservation System, to release other forest lands for multiple use management, and for other purposes;

H.R. 2483. An act authorizing the Secretary of the Interior to preserve the ecology of the Nassau River Valley marshlands in the State of Florida, to enhance the protection and interpretation of important historic and prehistoric sites in the vicinity of the Nassau, St. Marys and St. Johns River Valleys, FL, and for other purposes;

H.R. 2854. An act to amend title 39, United States Code, to extend to certain officers and employees of the Postal Service the same procedural and appeal rights with respect to certain adverse personnel actions as are afforded to Federal employees under title 5, United States Code;

H.R. 2935. An act to promote the consumption of fish and fish products in the United States through the establishment of seafood marketing councils, and for other purposes;

H.R. 3004. An act to amend section 3006A of title 18, United States Code, to improve the delivery of legal services in the criminal justice system to those persons financially unable to obtain adequate representation, and for other purposes;

H.R. 3550. An act to amend the provisions of title 18 and 28 of the United States Code commonly called the "enabling Acts" to make modifications in the system for the promulgation of certain rules for certain Federal judicial proceedings, and for other purposes; and

H.R. 3773. An act to amend the Stevenson-Wydler Technology Innovation Act of 1980 to promote technology transfer by authorizing Government-operated laboratories to enter into cooperative research agreements and by establishing a Federal Laboratory Consortium for Technology Transfer within the National Science Foundation, and for other purposes.

The message further announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 246. A concurrent resolution correcting the enrollment of House Joint Resolution 372.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

S. 1116. An act to amend the act of October 15, 1982, entitled "An act to designate the Mary McLeod Bethune Council House in Washington, District of Columbia, as a national historic site, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore [Mr. THURMOND].

At 4:48 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following joint resolution, without amendment:

S.J. Res. 238. Joint resolution relating to the approval and implementation of the proposed agreement for nuclear cooperation between the United States and the People's Republic of China.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 947) to amend the Foreign Assistance act of 1961 with respect to the activities of the Overseas Private Investment Corporation.

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

H.R. 1083. An act to amend the Low-Level Radioactive Waste Policy Act to improve procedures for the implementation of compacts providing for the establishment and operation of regional disposal facilities for low-level radioactive waste, and for other purposes; and

H.R. 3878. An act to grant the consent of the Congress to certain interstate compact on low-level radioactive waste.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

At 7:55 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled bill and joint resolution:

H.R. 2965. An act making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1986, and for other purposes; and

S.J. Res. 238. Joint resolution relating to the approval and implementation of the proposed agreement for nuclear cooperation between the United States and the People's Republic of China.

The enrolled bill and joint resolution were subsequently signed by the President pro tempore [Mr. THURMOND].

MEASURES REFERRED

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

H.R. 850. An act to modify the boundary of the Humboldt National Forest in the State of Nevada, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 2483. An act authorizing the Secretary of the Interior to preserve the ecology of the Nassau River Valley marshlands in the State of Florida, to enhance the protection and interpretation of important historic and prehistoric sites in the vicinity of the Nassau, St. Marys and St. Johns River Valleys, FL, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 2854. An act to amend title 39, United States Code, to extend to certain officers and employees of the Postal Service the same procedural and appeal rights with respect to certain adverse personnel actions as are afforded to Federal employees under title 5, United States Code; to the Committee on Governmental Affairs.

H.R. 2935. An act to promote the consumption of fish and fish products in the United States through the establishment of seafood marketing councils, and for other purposes; to the Committee on Commerce, Science, and Transportation.

H.R. 3004. An act to amend section 3006A of title 18, United States Code, to improve the delivery of legal services in the criminal justice system to those persons financially unable to obtain adequate representation, and for other purposes; to the Committee on the Judiciary.

H.R. 3550. An act to amend the provisions of title 18 and 28 of the United States Code commonly called the "enabling Acts" to make modifications in the system for the promulgation of certain rules for certain Federal judicial proceedings, and for other purposes; to the Committee on the Judiciary.

H.R. 3773. An act to amend the Stevenson-Wydler Technology Innovation Act of 1980 to promote technology transfer by authorizing Government-operated laboratories to enter into cooperative research agreements and by establishing a Federal Laboratory Consotium for Technology Transfer within the National Science Foundation, and for other purposes; to the Committee on Commerce, Science, and Transportation.

MEASURES PLACED ON THE CALENDAR

The following bills were read the first and second times by unanimous consent, and placed on the calendar:

H.R. 1083. An act to amend the Low-Level Radioactive Waste Policy Act to improve procedures for the implementation of compacts providing for the establishment and operation of regional disposal facilities for low-level radioactive waste, and for other purposes;

H.R. 1538. An act to amend title 38, United States Code, to provide a 3.4 percent increase in the rates of compensation and of dependency and indemnity compensation [DIC] paid by the Veterans' Administration;

H.R. 3878. An act to grant the consent of the Congress to certain interstate compacts on low-level radioactive waste.

MEASURES HELD AT THE DESK

The following bill was held at the desk by unanimous consent pending further disposition:

H.R. 1627. An act to designate certain national forest system lands in the State of Kentucky for inclusion in the National Wilderness Preservation System, to release other forest lands for multiple use management, and for other purposes;

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, December 11, 1985, she had presented to the President of the United States the following enrolled bill:

S. 1116. An act to amend that act of October 15, 1982, entitled "An act to designate the Mary McLeod Bethune Council House in Washington, District of Columbia, as a national historic site, and for other purposes."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. STAFFORD, from the Committee on Environment and Public Works, without amendment:

S. 653. A bill to name the Federal Building located at 1200 Pennsylvania Avenue, NW. Washington, DC, as the "Ariel Rios Memorial Federal Building" (Rept. No. 99-214).

S. 978. A bill to designate the building known as the Federal Building in Salt Lake City, Utah, as the "Wallace F. Bennett Federal Building" (Rept. No. 99-215).

S. 1896. A bill to designate the General Services Administration building known as the "U.S. Appraiser's Stores Building" in Boston, Massachusetts as the "Captain John Foster Williams Coast Guard Building" (Rept. No. 99-216).

By Mr. MATHIAS, from the Committee on Rules and Administration, without amendment:

S.J. Res. 214. A joint resolution to provide for the reappointment of Carlisle H. Humelsine as a citizen regent of the Board of Regents of the Smithsonian Institution (Rept. No. 99-217).

S.J. Res. 215. A joint resolution to provide for the reappointment of William G. Bowen as a citizen regent of the Board of Regents of the Smithsonian Institution (Rept. No. 99-218).

By Mr. ROTH, from the Committee on Governmental Affairs, with amendments:

H.R. 3718. A bill to waive the period of Congressional review for certain District of Columbia acts authorizing the issuance of revenue bonds.

By Mr. DOMENICI, from the Committee on the Budget, without amendment:

S. Res. 268. A waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1915.

By Mr. SIMPSON, from the Committee on Environment and Public Works, with an amendment in the nature of a substitute:

S. 1378. A bill to amend the Low-Level Radioactive Waste Policy Act to improve procedures for the implementation of compacts providing for the establishment and operation of regional disposal facilities for low-level radioactive waste, and for other purposes.

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

S.J. Res. 240. A joint resolution opposing the Soviet Union's invasion and 6-year occupation of Afghanistan against the national will of the Afghan people.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PACKWOOD, from the Committee on Finance:

Anne E. Brunsdale, of the District of Columbia, to be a Member of the U.S. International Trade Commission for the term expiring June 16, 1993;

Paul Freedenberg, of Maryland, to be an Assistant Secretary of Commerce;

Francis Anthony Keating, II, of Oklahoma, to be Assistant Secretary of the Treasury;

Otis R. Bowen, of Indiana, to be Secretary of Health and Human Services.

(The above nominations 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.)

By Mr. McCLURE, from the Committee on Energy and Natural Resources:

Ralph W. Tarr, of Virginia, to be Solicitor of the Department of the Interior;

J. Steven Griles, of Virginia, to be an Assistant Secretary of the Interior;

John C. Layton, of Virginia, to be Inspector General of the Department of Energy;

David M. L. Lindahl, of Virginia, to be Director of the Office of Alcohol Fuels.

(The above nominations 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 constitued committee of the Senate.)

Mr. HATCH, from the Committee on Labor and Human Resources:

Ford Barney Ford, of Virginia, to be a member of the Federal Mine Safety and Health Review Commission for a term of 6 years expiring August 30, 1990;

Walter C. Wallace, of New York, to be a member of the National Mediation Board for the term expiring July 1, 1987;

Helen M. Witt, of Pennsylvania, to be a member of the National Mediation Board for the term expiring July 1, 1988;

Charles L. Woods, of California, to be a member of the National Mediation Board for the remainder of the term expiring July 1, 1986;

Wendell L. Willkie II, of the District of Columbia, to be General Counsel, Department of Education;

Bruce M. Carnes, of Virginia, to be Deputy Under Secretary for Planning, Budget, and Evaluation.

(The above nominations 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.)

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

John Edwin Upston, of Virginia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Rwanda;

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: John E. Upston.

Post: Ambassador to Rwanda.

Contributions, amount, date, and donee:

1. Self: John E. Upston, $25 annual sustaining membership in Republican National Committee.

2. Spouse: None.

3. Children and spouses names: None.

4. Parents names: None.

5. Grandparents names: None.

6. Brothers and spouses names: None.

7. Sisters and spouses names: None.

Rockwell Anthony Schnabel, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Finland:

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: Rockwell Anthony Schnabel.

Post: Ambassador to Finland.

Contributions, amount, date, and donee:

1. Self: (see attached sheet).

2. Spouse: (see attached sheet).

3. Children and spouses names: (see attached sheet).

4. Parents names: Hans Schnabel, none; Wilhelmina Schnabel, none.

5. Grandparents names: Mr. and Mrs. J. Schnabel, deceased; Mr. and Mrs. H. van Baer, deceased.

6. Brothers and spouses names: Mr. and Mrs. Bert Schnabel; none, Mr. and Mrs. Hank Schnabel, none.

7. Sisters and spouses names: Mr. and Mrs. Edward Daniels, none.

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1. Rockwell A. Schnable—$500, May 27, 1981, Goldwater For Senate; $1,000, November 16, 1981, Drier For Congress; $5,000, May 19, 1982, Mike Curb Committee (State of Calif.); $10,000, June 17, 1982, California Republican Party; $1,000, June 14, 1982, Pete McClosky For Senate; $1,000, July 9, 1982, Democratic National Committee; $500, July 13, 1982, People For John Hines; $500, July 26, 1982, Pete Wilson For Senate; $1,000, November 1, 1982, Committee For Assemblyman Goggin (State of Calif.); $1,000, April 13, 1983, California Republican Party; $1,000, June 27, 1983, California Republican Party; $1,000, June 27, 1983, California Republican Party; $500, July 8, 1983, Campaign For California; $1,000, August 10, 1984, Californians For Senator Pete Wilson (Primary Election); $1,000, August 10, 1984, Californians For Senator Pete Wilson (General Election); $5,000, October 17, 1984, Victory 1984; $2,000, October 19, 1984, Victory 1984; $1,000, January 14, 1985, Republicans Abroad; $1,000, April 19, 1985, Art Laffer for U.S. Senate, Exploratory Committee.

2. Marna B. Schnabel—$15, January 7, 1981, Malibu Township Council; $16, January 31, 1981, California Republican Party; $500, July 24, 1981, Orange County Executive Comm. PAC; $30, July 27, 1981, National Federation of Republican Women; $10, August 31, 1981, Bel Air Republican Women's Fed.; $10, November 7, 1981, Republican TrunkLine; $10, November 7, 1981, Bel Air Republican Women's Fed.; $100, May 13, 1982, Jerry Shaw For Congress; $10, May 27, 1982, Bel Air Republican Women's Fed.; $50, July 5, 1982, National Republican Women's Fed.; $500, September 1, 1982, Bill Honig (State of Calif.); $10,000, September 28, 1982, Bill Honig Campaign for State Superintendent of Schools (State of Calif.); $1,400, September 30, 1982, Carol Hallett 1982 (State of California); $100, October 10, 1982, Bill Hawkins For Assembly; $500, October 14, 1982, Congress For Christensen; $16, January 14, 1983, California Republican Party; $20, November 21, 1983, League of Women Voters Educ. Fund; $16, February 27, 1984, California Republican Party; $13.50, April 15, 1984, Malibu Republican Club; $100, May 15, 1984, Committee to Re-Elect Supervisor Dana (City); $100, May 15, 1984, Committee to Elect David Shell (City); $10, September 20, 1984, Bel Air Republican Women; $1,000, August 10, 1984, Californians For Senator Pete Wilson (Primary Election); $1,000, August 10, 1984, Californians For Senator Pete Wilson (General

Election); $13.50, January 1985, Malibu Republican Club; $1,000, January 1985, Armor For Board of Education (City); $16, February 1985, California Republican Party; $10, January 1985, Bel Air Republican Women's Feder.; $10, January 1985, Republican TrunkLine; $1,000, March 1985, Lisa Specht For City Attorney (City); $1,000, April 19, 1985, Art Laffer For U.S. Senate, Exploratory Committee.

3. Children: Mary Darrin Schnabel, $1,000, April 9, 1985, Californians For Senator Pete Wilson; $1,000, April 19, 1985, Art Laffer For U.S. Senate, Exploratory Committee; Christy Ann Schnabel, $1,000, April 9, 1985, Californians For Senator Pete Wilson; $1,000, April 19, 1985, Art Laffer For U.S. Senate, Exploratory Committee; Everton Anthony Schnabel, $1,000, April 9, 1985, Californians For Senator Pete Wilson; $1,000, April 19, 1985, Art Laffer For U.S. Senate, Exploratory Committee.

Note: City refers to Los Angeles.

Margaret M. O'Shaughnessy Heckler, of Massachusetts, to be Ambassador Extraordinary and Plenipotentiary of the United States to Ireland:

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: Margaret M. Heckler.

Post: Ambassador to Republic of Ireland.

Contributions, amount, date, and donee:

1. Self, $25, Massachusetts Republican Party 1985 membership dues.

2. Spouse divorced, John M. Heckler.

3. Children and spouses names: John Heckler, Jr., Alison Heckler and Belinda Heckler, no contributions.

4. Parents names: John O'Shaughnessy and Bridget McKeown O'Shaughnessy, deceased.

5. Grandparents names: deceased.

6. Brothers and spouses names: no brothers.

7. Sisters and spouses names: no sisters.

Fred L. Hartley, of California, for the rank of Ambassador during the tenure of his service as Commissioner General of the U.S. Exhibition for the International Exposition, Vancouver, British Columbia, Canada, 1986:

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: Fred L. Hartley, Commissioner General of the U.S. Exhibition at the Post International Exposition on Transportation and Communication.

Contributions, amount, date, and donee:

1. Self: (see list attached).

2. Spouse divorced, Margaret A. Hartley, none.

3. Children and spouses names: Fred L. Hartley, Jr. (unmarried); none—Margaret A. Gruen (Husband, Dan), none.

4. Parents names: Deceased.

5. Granparents names: Deceased.

6. Brothers and spouses names: Harry M. Hartley (wife, Betty, deceased); Resident & Citizen of Canada, none.

7. Sisters and spouses names: Edna M. Baldry, (husband, Douglas) Resident & Citizen of Canada, none.

ATTACHMENT—POLITICAL CONTRIBUTIONS FORM

$5,000, July 10, 1985, Union Oil Political Awareness Fund; $100, February 13, 1985, Republican National Committee; $5,000, August 2, 1984, Union Oil Political Awareness Fund; $100, January 11, 1984, Republican National Committee; $100, July 5, 1984, Business Industry Political Action Committee; $5,000, July 5, 1983, Union Oil Political Awareness Fund; $100, April 28, 1983, Republican National Committee; $100, December 22, 1982, Republican National Committee; $120, June 1, 1982, Republican Presidential Task Force; $5,000, April 26, 1982, Union Oil Polticial Awareness Fund; $5,000, December 29, 1981, Union Oil Political Awareness Fund; and $100, June 4, 1981, Republican National Committee.

Michael H. Mobbs, of the District of Columbia, to be an Assistant Director of the U.S. Arms Control and Disarmament Agency; and

Charles Edward Horner, of the District of Columbia, to be an Associate Director of the U.S. Information Agency.

(The above nominations 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.)

Mr. LUGAR. Mr. President, also for the Committee on Foreign Relations, I report favorably two lists in the Foreign Service which appeared in their entirety in the CONGRESSIONAL RECORD of November 4, 1985, and ask, to save the expense of reprinting them on the Executive Calendar, that they lie at the Secretary's desk for the information of Senators.

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

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

Treaty Doc. 99-6. International Telecommunication Convention, with annexes, and a Final Protocol to the Convention signed on behalf of the United States at Nairobi on November 6, 1982 (Exec. Rept. No. 99-4).

Ex. Q and Treaty Doc. 98-12. Income Tax Convention and Protocol With the Kingdom of Denmark (Exec. Rept. No. 99-5).

Treaty Doc. 98-25. Income Tax Convention (and Protocol) With The Government of Italy (Exec. Rept. No. 99-6).

Treaty Doc. 98-30. Income Tax Agreement (and Protocol) With the Government of the People's Republic of China (Exec. Rept. No. 99-7).

Treaty Doc. 98-32. Income Tax Convention With the Government of Cyprus (Exec. Rept. No. 98-8).

Treaty Doc. 99-3. Income Tax Convention With the Government of Barbados (Exec. Rept. No. 99-9).

Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

Alexander Hansen Good, of the District of Columbia, to be Director General of the United States and Foreign Commercial Services;

Edward H. Fleischman, of New Jersey, to be a member of the Securities and Exchange Commission for the remainder of the term expiring June 5, 1987;

Fred E. Hummel, of California, to be a member of the Board of Directors of the National Institute of Building Sciences for a term expiring September 7, 1986.

(The above nominations 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. D'AMATO:

S. 1922. A bill to amend the Truth in Lending Act to impose a ceiling on credit card interest rates; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. THURMOND (for himself, Mr. GRASSLEY and Mr. HARKIN):

S. 1923. A bill to provide for additional bankruptcy judges; to the Committee on the Judiciary.

By Mr. DODD (for himself, Mr. SIMON, Mr. PELL, and Mr. KENNEDY):

S. 1924. A bill to amend the Higher Education Act of 1965 to authorize a national higher education and economic development program; to the Committee on Labor and Human Resources.

By Mr. DODD (for himself, Mr. PELL, Mr. KENNEDY, and Mr. SIMON):

S. 1925. A bill to strengthen the community service-learning program benefiting low-income individuals and families so as to benefit both community service and the students; to the Committee on Labor and Human Resources.

By Mr. DODD (for himself, Mr. SIMON, Mr. PELL, and Mr. KENNEDY):

S. 1926. A bill to reauthorize international education programs, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. DECONCINI (for himself, Mr. PELL, Mr. ABDNOR, and Mr. DOLE):

S.J. Res. 244. A bill to designate October 8, 1986, as "National Fire Fighters Day"; 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. GARN (for Mr. DOLE (for himself and Mr. BYRD)):

S. Res. 269. A resolution authorizing testimony of Senator Boren in the case of Sheryl P. Shreckengost v. Caspar Weinberger, et al., C.A. No. 85-0638-A; considered and agreed to.

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

S. Res. 270. A resolution authorizing testimony and production of documents by the Senate Financial Clerk; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. D'AMATO:

S. 1922. A bill to amend the Truth in Lending Act to impose a ceiling on credit card interest rates; to the Committee on Banking, Housing, and Urban Affairs.

CREDIT CARDHOLDER PROTECTION ACT

● Mr. D'AMATO. Mr. President, I rise today to introduce legislation designed

to limit the amount of interest credit card companies can charge on an outstanding balance. I believe the time has come for the consumer to be treated fairly. For far too long now, many issuers of credit cards have taken advantage of cardholders.

American consumers are becoming more and more dependent on credit cards as a source of currency when they purchase goods. As Christmas approaches, these consumers are expected to charge at least $15 billion of their purchases on their credit cards: that is at least 60 percent of all holiday purchases which are expected to total close to $25 billion.

Lenders are taking advantage of consumer dependence on credit cards. The average interest rate charged on credit card purchases is currently 19.2 percent, with some companies charging as high as 21.6 percent, even though banks now lend much of their money at a mere 9.5 percent. I am hard-pressed to believed that the average credit card issuer requires a 9.7-percent margin over the prime rate to cover the risk and costs involved in issuing a credit card.

Since 1980, while the average interest rate charged on credit card balances has grown from 17.6 percent to 18.6 percent, the prime rate has dropped from 20.5 percent to 9.5 percent, the discount rate has dropped from 14 percent to 7.5 percent, the T-bill rate has dropped from 14 percent to 7.2 percent, and the average home mortgage interest rate has declined from 14.7 percent to 11.5 percent.

Why is this one rate moving in the opposite direction from the others? Why is the average credit card interest rate the only commonly used interest rate that has failed to respond to improvements in our economy? What is going on here?

What is going on is an inequity—an inequity which must be addressed, and which must be addressed now. Credit card users must not be taken advantage of in this manner any longer.

In response to this inequity, I am proposing the Credit Cardholder Protection Act. This legislation has three major components. First, and most importantly, the bill will place a cap—or ceiling—on the legal interest rate a credit card company can charge.

A Federal ceiling on credit card interest rates would be established at 4 points over the interest rate the Internal Revenue Service charges on late tax payments and pays on tardy refunds. The IRS rate is a compilation of prime interest rates from the previous 6 months and is recomputed every 6 months. The current IRS rate is 11 percent, making the legal cap on credit under this bill 15 percent. This alone would save consumers over $4.7 billion a year. The IRS rate is now scheduled to drop to 10 percent on January 1, 1986, which would lower the credit card interest rate ceiling under this legislation to 14 percent.

The use of the IRS rate has several advantages. This rate already has bank profit built in. Thus, the extra 4 percentage points built into the credit card interest rate cap I am proposing more than adequately will provide for the costs and risks involved in issuing credit cards. The IRS rate is subject to change only once every 6 months. Thus, while the interest rate ceiling will reflect fluctuations in the economy, it will provide consumers with sufficient stability to plan their budgets well in advance.

The second part of my bill requires full disclosure of interest rates and fees by credit card companies. Currently, many credit card applications have little specific information pertaining to the interest rate that will be charged and the annual fees the cardholder will incur upon receiving the card.

Under my bill, all credit card applications will have to state the current interest charges and the annual fees charged for possessing the card. My bill also will require that these rates and fees be reported monthly to the Federal Reserve Board for publication.

Many consumers now are unaware of what they are being charged on their credit cards. Disclosure of this information on the initial credit card application will educate the consumer and, by using the publication which will be made available by the Federal Reserve Board, consumers will have the ability to shop for the best credit card for their own individual needs.

Finally, my bill would require the Consumer Advisory Council at Federal Reserve to send to the Congress yearly a report analyzing the credit card industry. The report should analyze issues specifically concerning the credit card industry; in particular, the impact the new interest rate cap will have on consumers and on credit card companies.

I believe my bill is an effective solution to the problem of excessive charges by credit card issuers. It takes quick action—it does not wait for a study to initiate the action. The interest rate cap is based on a nationwide compilation of the prime rate and fluctuates only once every 6 months, rather than monthly, providing for a stable, understandable rate which reflects variations in the economy. And my bill will best inform the public as they shop for the best credit card for their needs.

There is no question that banks have a vested interest in credit card legislation—this interest is profit. Many banks now engage in a conspiracy of silence to conceal the fact that they are reaping huge profits by charging excessively high interest rates on credit card accounts, thereby taking advantage of an uninformed public.

While there has been little change in the costs and risks involved in issuing credit cards in the past few years, the economy has improved. Interest rates have dropped and use of credit cards has increased, but the interest rate charged on credit cards has gone up. There is an injustice occurring when these companies refuse to recognize fluctuations in the economy.

Mr. President, in closing, I would like to reemphasize this Senator's intention to address this injustice swiftly and equitably. I urge my colleagues to accept my proposal, and I ask unanimous consent that my legislation be printed in the RECORD.

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

S. 1922

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 "Credit Cardholder Protection Act".

SEC. 2. Section 107 of the Truth in Lending Act (15 U.S.C. 1606) is amended by adding at the end thereof the following:

"(f) The annual percentage rate applicable to an extension of credit obtained by use of a credit card may not exceed by more than 4 percentage points the rate established under section 6621 of the Internal Revenue Code of 1954, as determined by the Board.".

SEC. 3. Section 127 of the Truth in Lending Act (15 U.S.C. 1637) is amended by adding at the end thereof the following:

"(c) A card issuer shall clearly and conspicuously disclose on initial applications for a credit card—

"(1) the annual percentage rate applicable to extensions of credit by means of that credit card or the means for determining that rate; and

"(2) any annual or other fee imposed for the issuance or use of that credit card.

Each card issuer shall report monthly to the Board for publication the average annual percentage rate and the amount of any annual or other fee applicable during the preceding month to its credit card accounts.".

SEC. 4. Section 703(b) of the Equal Credit Opportunity Act (12 U.S.C. 1691b (b)) is amended—

(1) by inserting "(1)" after "(b)"; and

(2) by adding at the end thereof the following:

"(2) The Council shall transmit annually to the Congress a report that describes and analyzes the costs and risks involved in issuing credit cards, the percentage of credit card customers that have their cards revoked for non-payment or delinquent payments, revenues derived from interest rates charged by credit card issuers, revenues derived from annual fees and application fees, and the impact that the provisions of section 107(f) of this Act will have on consumers and card issuers."●

By Mr. THURMOND (for himself, Mr. GRASSLEY, and Mr. HARKIN):

S. 1923. A bill to provide for additional bankruptcy judges; to the Committee on the Judiciary.

ADDITIONAL BANKRUPTCY JUDGES

Mr. THURMOND. Mr. President, the legislation I am introducing today will authorize 48 new bankruptcy positions. This measure is the recommendation of the Judicial Conference of the United States, based on its biennial comprehensive survey on the conditions of business in the Courts of the United States.

During the last few years, bankruptcy filings have increased dramatically throughout the United States. Nationally, there were 364,536 petitions filed under the 1978 Bankruptcy Code during the year that ended June 30, 1985. That represents an average caseload of nearly 1,600 petitions for each of the sitting bankruptcy judges. An average of 92 of these cases were under chapter 11. The recommendation of the conference would raise the total number of bankruptcy judgeships to 280 and reduce the average caseload to approximately 1,300 petitions per judgeship. National average caseloads cannot reflect the very heavy burdens now being experienced in a number of judicial districts which are particularly impacted by bankruptcy filings. Many districts have been overwhelmed by the sheer volume of bankruptcy cases that must be processed. A few examples will illustrate this point. In the district of northern Iowa, 2,333 bankruptcy cases were filed in the year ending June 30, 1985; of these, 277 were under chapter 11. In Los Angeles, in the same time period, an average of 2,819 cases were filed per bankruptcy judge; of these an average of 159 cases were under chapter 11. Finally, in Houston, an average of 2,297 cases were filed per bankruptcy judge; of these an average of 295 cases were under chapter 11. There has been no corresponding increase in the creation of bankruptcy judges. The Bankruptcy Amendments and Federal Judgeship Act, which passed in the last Congress, did not provide for an increase in the number of bankruptcy judges. It did, however, provide a change in the way bankruptcy judgeships would be authorized. Previously, the Judicial Conference had regularly authorized bankruptcy judgeships, subject only to program oversight and the appropriations process by Congress. Now, Congress must authorize any additional bankruptcy positions.

Mr. President, these positions are desperately needed. The process to fill them needs to begin immediately. I urge my colleagues to support this measure.

By Mr. DECONCINI (for himself, Mr. PELL, Mr. ABDNOR, and Mr. DOLE):

S.J. Res. 244. Join resolution to designate October 8, 1986, as "National Fire Fighters Day"; to the Committee on the Judiciary.

NATIONAL FIRE FIGHTERS DAY

Mr. DECONCINI. Mr. President, today I am introducing legislation which will honor the fire fighters of our Nation. Every year hundreds of lives and valuable property are threatened by fire. The brave men and women who devote their professional careers or contribute their time on a voluntary basis to protecting communities from the devastating damages of these fires merit recognition for the outstanding job they do.

Over 2 million career and volunteer fire fighters in this country frequently place themselves at tremendous personal risk when they respond to calls. Many have lost their lives or suffered injuries in the line of duty. Heroic acts by fire protection personnel have saved countless lives and deserve national recognition. The dedication of these outstanding men and women assure communities of fire protection services day and night. Their commitment to doing the best job possible is reflected in the decreases in fire-related deaths, injuries and property lost over the past decade.

I urge my colleagues to join me in expressing gratitude for the sacrifices made by the valiant fire fighters of our Nation by supporting my proposed legislation. This measure will designate October 8, 1986 as "National Fire Fighters Day." This day falls on the week of the annual National Fire Prevention Week. Let us give the fire fighters the recognition they deserve.

I ask unanimous consent that the text of the joint resolution be printed in the RECORD.

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

S.J. RES. 244

Whereas there are over two million professional and volunteer fire fighters in the United States;

Whereas fire fighters responded to over two million and three hundred thousand fires and over eight million and seven hundred thousand non-fire emergencies in 1984;

Whereas fire fighters have given their lives and risked injury to preserve the lives of others and protect property throughout the Nation;

Whereas the contributions and sacrifices of such valiant fire fighters often go unreported and are inadequately recognized by the public; and

Whereas the work of fire fighters deserves the attention and gratitude of all Americans: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That October 8, 1986, is designated as "National Fire Fighters Day" and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such day with appropriate ceremonies and activities.

ADDITIONAL COSPONSORS

S. 412

At the request of Mr. GOLDWATER, the name of the Senator from Nevada [Mr. HECHT] was added as a cosponsor of S. 412, a bill to clarify the circumstances under which territorial provisions in licenses to distribute and sell trademarked malt beverage products are lawful under the antitrust laws.

S. 489

At the request of Mr. SASSER, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of S. 489, a bill to amend chapter 171 of title 28, United States Code, to allow members of the Armed Forces to sue the United States for damages for certain injuries caused by improper medical care provided during peacetime.

S. 524

At the request of Mr. ARMSTRONG, the names of the Senator from New Mexico [Mr. BINGAMAN] and the Senator from Vermont [Mr. STAFFORD] were added as cosponsors of S. 524, a bill to recognize the organization known as the Retired Enlisted Association, Inc.

S. 1223

At the request of Mr. ARMSTRONG, the names of the Senator from Alaska [Mr. STEVENS] and the Senator from Illinois [Mr. DIXON] were added as cosponsors of S. 1223, a bill to authorize the erection of a memorial on Federal land in the District of Columbia or its environs to honor members of the Armed Forces of the United States who served in the Korean war.

S. 1437

At the request of Mr. THURMOND, the name of the Senator from California [Mr. CRANSTON] was added as a cosponsor of S. 1437, a bill to amend the Controlled Substances Act to create new penalties for the manufacturing with intent to distribute, the possession with intent to distribute, or the distribution of "designer drugs," and for other purposes.

S. 1456

At the request of Mr. LAUTENBERG, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 1456, a bill to recognize the Army and Navy Union of the United States of America.

S. 1475

At the request of Mr. COHEN, the name of the Senator from Massachusetts [Mr. KENNEDY] was added as a cosponsor of S. 1475, a bill for the relief of Hamilton Jordan of Lawrenceville, GA.

S. 1562

At the request of Mr. GRASSLEY, the name of the Senator from Vermont [Mr. LEAHY] was added as a cosponsor of S. 1562, a bill to amend the False Claims Act, and title 18 of the United

States Code, regarding penalties for false claims, and for other purposes.

S. 1569

At the request of Mr. BINGAMAN, the name of the Senator from Michigan [Mr. LEVIN] was added as a cosponsor of S. 1569, a bill to amend title XVIII of the Public Health Service Act to encourage health promotion and disease prevention through the implementation of a coordinated national nutrition monitoring system.

S. 1780

At the request of Mr. HATCH, the name of the Senator from North Carolina [Mr. EAST] was added as a cosponsor of S. 1780, a bill to provide for the disposition of unclaimed property in the custody of the United States.

S. 1806

At the request of Mr. BOREN, the name of the Senator from West Virginia [Mr. BYRD] was added as a cosponsor of S. 1806, a bill to amend the Federal Election Campaign Act of 1971 to change certain contribution limits for congressional elections and to amend the Communications Act of 1934 regarding the broadcasting of certain material regarding candidates for Federal elective office, and for other purposes.

S. 1889

At the request of Mr. DENTON, the names of the Senator from Virginia [Mr. TRIBLE], the Senator from Idaho [Mr. MCCLURE], and the Senator from Indiana [Mr. QUAYLE] were added as cosponsors of S. 1889, a bill to amend title 11 of the United States Code, relating to bankruptcy, to prevent discharge of administratively ordered support obligations.

S. 1909

At the request of Mr. MITCHELL, the name of the Senator from South Dakota [Mr. PRESSLER] was added as a cosponsor of S. 1909, a bill to require the Secretary of the Treasury to notify Congress with respect to actions taken relating to investment of the assets of the Social Security Trust Funds.

S. 1917

At the request of Mr. BRADLEY, the name of the Senator from Washington [Mr. GORTON] was added as a cosponsor of S. 1917, a bill to amend the Foreign Assistance Act of 1961 to provide assistance to promote immunization and oral rehydration, and for other purposes.

SENATE JOINT RESOLUTION 188

At the request of Mrs. KASSEBAUM, the names of the Senator from Nebraska [Mr. EXON], the Senator from Virginia [Mr. TRIBLE], the Senator from West Virginia [Mr. ROCKEFELLER], the Senator from South Dakota [Mr. PRESSLER], and the Senator from Michigan [Mr. RIEGLE] were added as cosponsors of Senate Joint Resolution 188, a joint resolution to designate July 6, 1986, as "National Air Traffic Control Day."

SENATE JOINT RESOLUTION 198

At the request of Mr. MATHIAS, the name of the Senator from New Hampshire [Mr. RUDMAN] was added as a cosponsor of Senate Joint Resolution 198, a joint resolution to designate the year of 1986 as the "Sesquicentennial Year of the National Library of Medicine."

SENATE CONCURRENT RESOLUTION 39

At the request of Mr. DODD, the name of the Senator from Vermont [Mr. LEAHY] 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 51

At the request of Mr. DIXON, the name of the Senator from Connecticut [Mr. WEICKER] was added as a cosponsor of Senate Concurrent Resolution 51, a concurrent resolution to congratulate the Society of Real Estate Appraisers on the 50th anniversary of its founding.

SENATE RESOLUTION 267

At the request of Mr. HUMPHREY, the names of the Senator from Connecticut [Mr. DODD], the Senator from Louisiana [Mr. JOHNSTON], the Senator from Wisconsin [Mr. KASTEN], and the Senator from Indiana [Mr. QUAYLE] were added as cosponsors of Senate Resolution 267, a resolution establishing a special panel on asylum.

SENATE RESOLUTION 269—AUTHORIZING TESTIMONY OF SENATOR BOREN

Mr. GARN (for Mr. DOLE, for himself and Mr. BYRD) submitted the following resolution; which was considered and agreed to:

S. RES. 269

Whereas, in the case of *Sheryl P. Schreckengost* v. *Caspar Weinberger, et al.*, C.A. No. 85-0638-A, pending in the United States District Court for the Eastern District of Virginia, the plaintiff has requested a deposition of Senator David L. Boren.

Whereas, by Rule VI of the Standing Rules of the Senate, no Senator shall absent himself from the service of the Senate without leave: Now, therefore, be it

Resolved, That Senator Boren is authorized to testify in the case of *Sheryl P. Schreckengost* v. *Caspar Weinberger, et al.*, C.A. No. 85-0638-A, except when his attendance at the Senate is necessary for the performance of his legislative duties.

SENATE RESOLUTION 270—AUTHORIZING TESTIMONY AND PRODUCTION OF DOCUMENTS BY THE SENATE FINANCIAL CLERK

Mr. GARN (for Mr. DOLE, for himself and Mr. BYRD) submitted the following resolution; which was considered and agreed to:

S. RES. 270

Whereas, in the case of *Wilbur G. DePerini* v. *Paul Terrence O'Grady*, Civil Action No. 8420-82, pending in the Superior Court of the District of Columbia, counsel for the plaintiff has obtained a subpoena for the testimony of and production of documents by Stuart F. Balderson, Senate Financial Clerk;

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 concerning information acquired in the course of his official duties and that documents, papers and records under the control or in the possession of the Senate are 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 Stuart F. Balderson is authorized to testify and produce documents before the Superior Court of the District of Columbia in the case of *Wilbur G. DePerini* v. *Paul Terrence O'Grady*, except concerning matters which are privileged.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet during the session of the Senate on Wednesday, December 11, 1985, in order to hold oversight hearings on the Acid Rain Precipitation Program.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, December 11, 1985, to conduct a business meeting to consider the following items:

The nomination of Margaret M. O'Shaughnessy Heckler, of New York, to be United States Ambassador to Ireland;

Charles Edward Horner, of the District of Columbia, to be an Associate Director of the United States Information Agency, vice Charles E. Courtney;

Rockwell Anthony Schnabel, of California, to be Ambassador to the Republic of Finland;

John Edwin Upston, of Virginia, to be Ambassador to the Republic of Rwanda;

Michael H. Mobbs, of the District of Columbia, to be an Assistant Director for the Strategic Programs of the United States Arms Control and Disarmament Agency, vice Henry F. Cooper, Jr., resigning;

Fred L. Hartley, of California, for the rank of Ambassador during the tenure of his service as Commissioner General of the United States Exhibition for the International Exposition, Vancouver, British Columbia, Canada, 1986;

Two Foreign Service Officer Promotion Lists; China Tax Treaty, Treaty Doc. 98-30; Ratification of the International Telecommunications Convention (Nairobi, 1982); a resolution on American policy toward Liberia; a resolution concerning Ireland and the United Kingdom; expedited procedures for arms sales, S-1831.

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

COMMITTTEE ON LABOR AND HUMAN RESOURCES

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Committe on Labor and Human Resources be authorized to meet during the session of the Senate on Wednesday, December 11, 1985, in order to conduct a business meeting on pending business for the committee and to consider the nomination of Dr. Otis Bowen as Secretary of the U.S. Department of Health and Human Resources.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, December 11, 1985 in closed session to receive a briefing on intelligence matters.

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

ADDITIONAL STATEMENTS

PRUDENT FOREST MANAGEMENT PRACTICES

● Mr. SASSER, Mr. President, yesterday I brought to the Senate's attention my concerns for prudent forest management practices. The Forest Service is putting the final touches on over 100 forest plans nationwide. Before these plans go into effect, I believe that every effort should be made to ensure that our forest lands are protected to the fullest extent.

Mr. President, the public has expressed a great deal of interest in the Forest Service planning process in our national forests. The Knoxville-News Sentinel, the Kingsport-Times News, the Atlanta Constitution, and the New York Times have all run articles on the forest management controversy. Mr. President, I ask that copies of articles from these newspapers appear in the RECORD.

[From the Knoxville-News Sentinel, Aug. 11, 1985]

THE POLITICS OF TIMBER

CLEAR-CUTTING ON HALF OF CHEROKEE FOREST PROPOSED

("If there is any duty which more than another we owe to our children and our children's children, it is to save the forests of this country, for they constitute the first and most important element in the conservation of natural resources of the country."—Theodore Roosevelt)

(By Timothy Elledge)

The next sound you hear coming from the Cherokee National Forest could be the drone of giant bulldozers and the whine of chainsaws whipped up for a frenzy of taxpayer-subsidized clear-cutting.

It will be the sound of a hey-day of logging unlike anything in the woodland since the booming cut-'em-down-quick years that followed World War II.

The U.S. Forest Service, which charges loggers only 22 cents for every $1 the government spends to produce the wood, wants to triple the Cherokee's timber harvest—from 41 million board feet a year to 130 million.

That increase is expected to boost taxpayer losses on logging in the forest from the current $1.8 million a year to as much as $3 million.

The woodland they will be cutting down—623,000 acres of forest along the Tennessee-North Carolina border—is home to a greater variety of animals and plants than any place in North America except the Smoky Mountain National Park. Its wilderness areas are the last sanctuary for many creatures driven from the rest of the East by too many people.

Yet the federal agency's plan would allow logging on nearly 80 percent of the Cherokee and clearcutting on half of it.

It would double the forest's 1,500 miles of logging roads, a project that would rip huge swamps through delicate wildlife habitat and crisscross much of the remaining wilderness with a blight of highways.

And it would also permit clearcutting on all of the Cherokee's 150,000 acres of hardwood cove forests, a type of woodland that is unique to the Southern Appalachian Highlands because of its unusually rich variety of trees, flowers, ferns, shrubs and mosses.

Information about the huge losses and stepped-up cutting was obtained by The Knoxville News-Sentinel from Forest Service documents, congressional records, environmental groups and government investigators.

The buildup comes despite a Forest Service study which concluded that it makes more economic sense to leave wilderness land alone than to develop it for timber production.

"Wilderness management has an extremely high benefit/cost ratio when compared with full resource development," the study concluded.

Taxpayers during the past six years have shelled out nearly $11 million to pay for below-cost sales in the Cherokee. The subsidization has been even more expensive at neighboring forests in North Carolina, Georgia, Kentucky and Virginia.

Yet future losses are expected to be still higher because increased harvesting goals will force loggers into more rugged terrain where trees are less valuable and costs are higher.

The ambitious plan, which would be used to manage the Cherokee for the next 50 years, is also expected to damage watersheds, which provide drinking water for Knoxville, the Tri-Cities and other Tennessee communities.

Forest Service officials concede the speed-up will dump twice as much silt, mud and debris into streams, but they say it should have no effect on city water supplies. They are not as certain about the effect on fish, promising only to monitor streams to ensure they're not permanently damaged.

The Forest Service plan was prepared to comply with a 1976 order from Congress, which was unhappy with the Forest Service's emphasis on timber production at the expense of wildlife, watersheds and wilderness recreation.

"The days have ended when the forest may be viewed only as trees and the trees viewed only as timber," said the late Sen. Hubert H. Humphrey, principal sponsor of the national Forest Management Act of 1976.

That act, which ordered the 50-year plans for all national forests, was supposed to top the wholesale mowing down of the people's trees.

It prohibited logging on land where soil, water or fish habitat would be ruined. And it attempted to slow the Forest Service's conversion of ancient hardwood forests into pine plantations operated for the benefit of the logging industry.

Congress pointedly told the agency that logging on fragile land was not worth the environmental and economic costs, and ordered officials to leave them alone.

But Sen. Jim Sasser, whose staff analyzed plans for the Cherokee, said they are directly contrary to most of those requirements.

Opening 80 percent of the forest to logging is "madness," he said, and the agency's habitual raids on the treasury should be stopped.

In a letter to Cherokee Forest Supervisor Donald Rollens, Sasser said the plan "threatens the very future of the Cherokee" and "would have an irreversible impact on the biological diversity.

"Clear-cutting almost half of this forest," he said, "would threaten the survival of native trout, black bear and a variety of creatures whose future depends on preservation of the few remaining acres they can live on."

Sasser suggested that Rollens start over with a new plan because the proposal, "especially in light of the very low benefit/cost ratio of past timber production," would not only be foolish, it would also "permanently and irreparably alter the face of the Cherokee."

The Southeast isn't the only region losing money on timber sales. Nationally, the government lost $2.1 billion during the past decade, according to investigators for the Congressional Research Service.

In Alaska, they discovered that the Forest Service has been getting 2 cents back for every dollar it invested in timber production.

Agency officials don't dispute the losses, but they argue they're under no congressional mandate to earn a profit, that their purpose is to "manage the forests for multiple use and sustained yield."

Environmental groups say that's usually meant getting as much timber out of the forest as possible without upsetting too many people.

"This time they've gone too far," said Bob Smythe of the Sierra Club's North Carolina

chapter. "We don't even have to make an environmental argument against this plan because the economic argument is so strong.

"If we're in the middle of such a huge budget deficit, should the Forest Service be permitted to triple production on something that is guaranteed to lose money?"

Some rangers in the Cherokee agree. They say excessive logging on national forests puts taxpayers in competition with private foresters who can't get a good price for their timber when the government sells its at a loss.

The rangers hesitate to complain publicly because the harvesting goals were ordered by regional and national agency officials. But privately they say the goals will require logging in areas that have poor timber and on such steep slopes that erosion will devastate streams.

"What it means is that taxpayers will not only be subsidizing the logging companies," one forester said, "they'll also be paying for tearing up animal habitat, fisheries and places that ought to be left wild."

"If a foreign country began selling wood at these prices, we'd be screaming for tariffs," Smythe said.

Randal O'Toole, an Oregon economist who analyzes timber production for private foresters, said after studying the Cherokee's logging plan that past financial losses will seem small compared to what's going to happen in the future.

As the more valuable timber in easily accessible places dwindles, he said, the government's cost of getting loggers into difficult-to-reach areas will get higher while revenues plummet.

Roadbuilding alone, he said, costs $300 to $500 an acre. But most of the trees are worth only about $300 an acre. The timber in cove forests, he said, is worth only about $64 an acre. A few isolated stands of white pine are the only possible exception, but those are rare in the Cherokee.

Some Forest Service officials argue that not all the cost of doubling its network of roads should be added into the cost of producing timber because the roads serve other purposes.

But most foresters say that's a smokescreen. Ron Burch, a Forest Service official in the Cherokee who helped put together the 50-year plan, said those other uses are secondary, that "(99.5 percent of the roads are for logging."

Even if the cost of roads were deducted from the government's cost of producing timber, taxpayers would still lose 59 cents for every dollar invested, according to a General Accounting Office investigation.

Forestry officials also sometimes claim it is necessary to clearcut areas of poor quality wood so more profitable timber can be grown for later harvesting, which they say would produce a profit.

But the GAO investigators examined that claim in a study of more than 3,400 timber sales and concluded the argument was "not valid." They said the second growth would lose as much if not more money than the first.

To begin offsetting some of its losses on logging, the Forest Service has cut its budget in other areas.

The threatened species program, for example, was cut by two-thirds. Spending for soil and water conservation is down 22 percent, fish and wildlife habitat down 11 percent, recreation down 40 percent. Wilderness management, hiking trails and the research program have also been cut, along with studies on acid rain, fisheries, and insect and disease control.

At the same time, the timber budget is up 13 percent, roads up 16 percent and minerals up 57 percent.

When environmental groups got wind of the planned mass harvesting of the forest, they howled in protest, then put together teams of foresters, economists, biologists and lawyers to analyze the recommendations.

"What we found," said the Wilderness Society's Ron Tipton, "was that the entire plan is driven by unrealistic timber goals—by an overriding concern for high timber yield which has for 40 years been the basis for promotions in the Forest Service.

"The people in the Forest Service are very professional and they do a lot of work in the public interest, but we think they have taken a fundamentally wrong direction in these plans.

"We could make a strong economic and environmental argument for stopping all logging on these national lands, but we're not. We're only asking that they not cut any more than they've been cutting for the past several years."

There are indications the complaints are forcing the Forest Service to modify its plans.

The House of Representatives, for example, recently cut $50 million from the agency's $191 million 1986 road-building budget.

And Cherokee Forest Service official Burch said, "We've been paying attention to what they've been saying and there might be some modifications."

[From the Kingsport Times-News, Sept. 28, 1985]

FOREST SERVICE PLAN FOR CHEROKEE LACKING

The National Forest Service says environmental concerns have altered its draft plan for the Cherokee National Forest to allow for maximizing "the net forest value while intensively managing the forest for noncommodity resources . . ."

Apparently that means the Cherokee will be afforded a higher level of environmental protection than was indicated in the initial 50-year management plan. But is it enough?

The Forest Service now proposes to double, rather than triple timber harvest projections in the Cherokee over the 50-year period and says that harvests over the next 10 years will remain at current levels.

But what about the next 40 years?

The Forest Service says the 50-year plan isn't really a 50-year plan because it will be updated in 1995. But meanwhile, general land allocations and planning necessary for road construction—based on a doubling of the timber harvest—will be implemented.

The Forest Service says it also plans to cut back on logging road construction but still anticipates 900 miles of new logging roads. Environmentalists question whether that's the absolute minimum necessary.

And rather than targeting 80 percent of the land as suitable for harvest, the Forest Service now proposes 60 percent. But that leaves only 22,000 acres of roadless lands for wilderness protection. State conservation groups have supported establishing about 54,000 acres of new wilderness in the Cherokee.

Simply put, the final plan does not go far enough in protecting the forest.

It's bad enough the Reagan administration appears committed to divesting the United States of its natural resources. What's worse is those resources are being sold at bargain-basement prices, often at a loss to the U.S. Treasury.

Example: In 1982 the administration put out for bid leases to mine coal on public lands at a time when the market was so depressed, the taxpayers took a $100 million loss.

Example: The government estimates it lost as much as $7 billion in the 1983-84 ocean-bottom lease program because the administration unloaded those resources on an uninterested market.

Example: A study prepared by the Wilderness Society estimates that losses from sale of undervalued timber during the last decade have cost the taxpayers $2.1 billion.

The Cherokee National Forest currently receives only about 22 cents for each dollar of timber sales expenditures. The final management plan would result in excessive timber cutting with too little emphasis on resource protection and recreation—and continue to cost the taxpayers money.

What's needed is a federal timber program that is not a money-loser and at the same time more, not less protection, for national forests and the wildlife they support.

We believe the Forest Service can do better in the case of the Cherokee.

[From the Knoxville News-Sentinel, Sept. 10, 1985]

U.S. FOREST SERVICE ABANDONS PLAN TO TRIPLE CHEROKEE LOGGING VOLUME

(By Tim Elledge)

A plan to triple the volume of logging in the Cherokee National Forest has been abandoned by the U.S. Forest Service, and the service is preparing a new proposal to try to satisfy objections raised by conservation groups.

But spokesmen for several conservation groups say the changes will allow twice as much timber cutting as occurs now.

"While this is a significant change from the agency's original position, it still means the forest is being managed primarily for timber production rather than for recreation and wildlife," said Ron Tipton of the Wilderness Society.

"They're selling 41 million board feet a year now. Tripling that—opening 80 percent of the forest for cutting—was clearly and obviously out of line. But doubling it is still too much."

Forest supervisor Don Rollens said the change means less timber will be cut during the next decade than the current management plan called for.

Projected cutting over the next 50 years, however, indicates the logging volume will double and cutting will be allowed on 60 percent of the forest, down from 80 percent in the first plan.

A final version of the Cherokee proposal will not be completed until January. But Rollens said he expects it to "place additional emphasis on wildlife, recreation and wilderness" compared with the original plan.

The revisions, he said, are "based on comments received from the public."

An examination of the original plan revealed that the federal agency lost millions of dollars during the past several years by selling timber from the Cherokee Forest at prices that were far less than the cost of producing the wood.

For every $1 the agency spent on timber production and harvesting, it recovered about 22 cents, a practice that drew criticism from Tennessee's U.S. Senators, Jim Sasser and Albert Gore, Jr.

The reduced harvesting plan means fewer logging roads will be built, more land will be

set aside for wilderness, and less clear-cutting will be necessary.

Will Skelton, a Knoxville attorney who heads the Cherokee National Forest Wilderness Coalition, said the cutback is "much, much better" and probably is as much a concession conservation groups can hope to get.

Tipton said he believed the first plan reflected goals set by Reagan administration officials, not foresters working in the field.

"Even so, what's happened here is they started out with a bad plan headed totally in the wrong direction. Now they're back to something a little less onerous, but it still goes in the wrong direction."

Rollens said more than 40 percent of the Cherokee's cove hardwood forests will be declared unsuitable for logging under the revised plan.

[From the Atlanta Constitution, Nov. 24, 1985]

PROPOSALS FOR FUTURE OF NATIONAL FORESTS CHALLENGE

(By Tom Ebien)

KNOXVILLE, Tenn.—Like a rumpled green blanket, the Blue Ridge and Great Smoky Mountains roll down from Virginia through Tennessee and North Carolina before disappearing in the North Georgia piedmont.

Within these hills and valleys are the 518,000-acre Great Smoky Mountains National Park and six national forests totaling 3.2 million acres—the largest concentration of public land east of the Mississippi River.

Between the 1890s and the 1930s, when the land was in private hands, men with big saws built railroads into the mountains, hauled away the best trees and left behind a mess. Between 1911 and the 1940s, the U.S. Forest Service purchased vast tracts of the hardwood forests and nursed them back to health.

Now comes the next step.

Under orders from Congress, the Forest Service has been working since 1976 to draw up long-term plans for how America's 155 national forests will be managed. That controversial process is now coming to a head in the Southern Appalachian Highlands as foresters, environmentalists and sportsmen engage in a battle to decide the forests' future.

Plans for three of the six forests have been tried and approved within the past three months. The other three plans are due out early next year. Although the plans outline objectives for the next 50 years, Forest Service officials emphasize that they will be re-evaluated every 10 to 15 years.

Most controversial is the Forest Service's plan to increase timber cutting and log-haul road building in the six forests—the Chattahoochee in Georgia, the Cherokee in Tennessee, the Pisgah and Nantahala in North Carolina, the Jefferson in Virginia and a small part of the Sumter in South Carolina.

Forest Service officials say the cutting levels they propose represent good forest management. Because the forests were so heavily and selectively logged early in the century, today's stand grew up from the "rejects." As the forest grows older, more timber cutting is needed, officials say.

"There seems to be the misconception out there that the current (timber) harvest on the Southern Appalachians is all the land can handle," says Bruce Jewell, spokesman for the Forest Service's regional office in Atlanta. "It's an extremely conservative program, but it's constantly being misrepresented as a high-volume timber operation. Forestry is conservation, and it needs to be viewed as that."

Ron Tipton, the Wilderness Society's regional director in Atlanta, says it makes sense for the Forest Service to lease much of the pine forests—such as the 109,263-acre Oconee National Forest southeast of Atlanta—for logging.

"But that doesn't hold true with the Southern Appalachian forests," Tipton says. "The best use for these forests is recreation and wildlife. We believe the Highlands area is so important to the country for uses other than timber."

National forests in the Southern Appalachians supply only about 3 percent of the region's commercial timber, and the market already is flooded. But environmentalists cite a growing public demand for wilderness recreation.

Currently, 5.5 percent of the six forests (195,347 acres) is protected as wilderness. The Wilderness Society wants to add 233,744 acres, which would still leave the forests only 13 percent wilderness.

The Forest Service argues that timber cutting benefits wildlife by providing forest openings and fresh growth. Biologists agree that is true for some species, such as deer. But other animals do better when the forest is left wild, they say. Black bears, for example, need old trees for dens and vast tracts of roadless hardwood forests in which to feed.

Ironically, one of the best arguments against more logging is economic.

Nationally, one-third of the national forests' timber harvest is sold for less than the cost of cutting it. Environmentalists say that adds up to a $200 million annual subsidy for the timber industry. This is especially true in the Southern Appalachians, where sales recover only a fraction of their cost.

The Forest Service admits logging here losses money. But officials say it is necessary to keep the forests healthy and fulfill Congress' mandate of "multiple use" forest management. The popularity of wilderness recreation "doesn't let us off the hook on timber responsibilities," Jewell says.

Critics claim the forest plans don't allow for enough older hardwood trees, and call for too many hardwoods to be replaced by pines. Forest Service officials say that isn't so.

Also, there is controversy about clear-cutting, the most common method of logging. In clear-cutting, all trees are cut from scattered plots of up to 40 acres each. In this region, most clear-cuts average 25 acres.

Forest Service spokesmen say clear-cutting is easier to manage, more cost-efficient and uses less land than many selective-cutting methods. It provides the forest openings and "edge" needed by deer, wild turkey and other animals. And because it isn't a drawn-out process, logging roads can be quickly closed and seeded, limiting wildlife disturbance. When properly managed, clear-cutting balances forest land into a mosaic of trees grouped by age.

But critics say clear-cutting wastes wood, increases erosion and sends more silt into fragile streams. Also, it is ugly, and that is especially important in areas where the economy depends on tourism.

"Forest Service people perceive their role as primarily foresters, rather than ecologists, and foresters are trained to maximize timber output," says Tipton of the Wilderness Society.

According to Wilderness Society calculations, the cost of managing timber sales nationally takes up 40 percent of the Forest Service's budget. And more than half of congressional appropriations for national forests go for building roads. About 95 percent of those roads are laid for timber hauling and only 31 percent are maintained for passenger car use. Meanwhile, funding for forest recreation and wilderness management has been sharply up since 1980.

"Our plan is to try over the next decade to change the way the Forest Service does business," Tipton says. "And the Southern Appalachian Highlands is one of the places we're going to try to do that."

Environmentalist trace the accent emphasis on timber products to one man. John B. Crowell, who from 1981 until last November was the assistant secretary of agriculture in charge of the Forest Service.

Before joining the Reagan administration, Cromwell was general counsel for Louisiana-Pacific Corp., the leading buyer of national forest timber. Environmentalists say his views fit in with the administration's philosophy of increasing commercial development of public lands.

But in devising forest management plans, that idea has collided with another administration philosophy—eliminating subsidies to agriculture industries.

"The Forest Service was directed by this administration to do more intensive economic analysis on these forests than ever before, and the result doesn't say cut more timber," says Bob Smythe, a forest ecologist who from 1974 to 1981 was senior staff member for natural resources on the President's Council for Environmental Quality. "We think we've got them by their own data."

In developing its management plans, the Forest Service first released draft proposals and sought comment. A lot of comment was received, and in most cases it led to substantial changes in the "final" plans, which are still subject to negotiation.

The plans are approved by John Alcock, the Forest Service's regional forester in Atlanta. After appeals are settled within the agency, any remaining disputes will to to federal court.

Here, forest by forest, is where the process starts.

CHEROKEE FOREST

The Southeast's most controversial plan involves the 632,565-acre Cherokee National Forest, which runs the length of the eastern border of Tennessee on either side of the Great Smoky Mountains National Park.

The Forest Service's draft for the Cherokee released in January 1984, outraged environmentalists. "It was a disaster—a real blueprint for clear cutting and not a lot else," says Tipton of the Wilderness Society.

The final plan due out in January, will have "significant" changes, says Forest, Service spokeswoman Wilma Marine.

The draft called for timber cutting to more than triple over 50 years. Under this revised plan, logging would continue at the current 40 million board feet per year for the next 10 years. Within the next 40 years, it could double, Ms. Marine says.

Other changes from the draft include reducing the amount of the forest available for logging from 70 percent to about 60 percent, and increasing the amount of new wilderness areas from 22,214 acres to almost 35,000 acres. The forest already has 33,002 acres of designated wilderness. Environmentalists say another 100,000 acres is suitable for wilderness, and at least 42,715 acres should be so designated.

Instead of almost doubling the existing 1,540 miles of forest roads over the next 50 years, only about 750 more miles would be built. And the final plan will set aside more land for special uses, such as black bear habitat and "back country" recreation, Ms. Marine says.

The Wilderness Society has studied this forest plan more than any other in the Southeast. That is partly because the Cherokee ranks 19th among the 155 national forests in popularity for camping, hiking, hunting and fishing. The forest has an unusually diverse array of plants and wildlife. And the nine Tennessee River tributaries within the forest's boundaries provide some of the best whitewater rafting in the South, as well as several municipal water supplies and 346 miles of trout habitat.

Tipton doubts the Wilderness Society will be able to fully negotiate its differences with the Forest Service here. An appeal is almost certain, he says, and it could end up in court as a test case for the region. "This in many ways is going to be the most important plan in the region," Tipton says. "We can't sue them every place, but we may sue them some place—and it may be here."

PISGAH-NANTAHALA FORESTS

Public outcry also has forced the Forest Service to revise its plans for the jointly managed Pisgah and Nantahala forests, which total 1,008,000 acres in western North Carolina.

The November 1984 draft called for a 50-year plan to increase logging by 39 percent, to 116 million board feet per year, and increase roadbuilding by 17 percent. The draft also would have opened 250,000 acres for possible oil and gas leasing. There are presently no oil or gas wells in the forests.

Bob Cunningham, the Forest Service planner for the Pisgah-Nantahala, says the plan will leave logging at roughly its current level for the next 15 years and add fewer roads. Details have yet to be worked out. But he says the changes will be so major that another draft may be released for public comment before the "final" plan is issued.

CHATTAHOOCHEE FOREST

Five appeals have been filed to the plan issued Sept. 25 for the 749,444-acre Chattahoochee National Forest in North Georgia. The Chattahoochee is managed jointly with the Oconee, where environmentalists have few concerns.

Over 50 years, the plan would more than double timber cutting to 205 million board feet per year, with two-thirds of that cut from the Chattahoochee. There would be less clear-cutting than there is now, and only half as much as proposed in the draft plan. But the amount of land considered suitable for cutting would be increased by 65,740 acres, making 80 percent of the forest available for logging.

The Chattahoochee now has 46,261 acres of designated wilderness. Under the plan, 39,439 more acres would become wilderness. Another 25,334 acres would be designated for "back country" recreation and managed similar to wilderness. Also, cutting would be banned on 5,251 acres around the Appalachian Trail.

The plan reduces roadbuilding from the current 33 miles of new road per year to 20 miles per year. And 75 percent of new roads would be dirt instead of gravel or pavement, so they could be seeded when logging crews were finished.

"We've made concessions on the amount of clear-cutting, road construction, and added more wilderness and back-country," says Forest Service planner Jack Kennedy. "But the environmentalists probably want us to go further."

Off-road vehicles are now allowed in most parts of the Chattahoochee unless signs are posted banning them. But under the plan, vehicles would be banned from areas unless signs were posted permitting them.

Three of the five appeals are from individuals, one is from off-road vehicle enthusiasts and one is from a coalition of environmental groups.

Bob Kerr, executive director of the Georgia Conservancy, says the appeal was filed because environmental groups wanted more time to study the plan. Kerr says the Forest Service's cutting quotas appear to be arbitrary, and policies on herbicides seem vague.

Environmental groups have until Dec. 27 to review the plan before they begin negotiations with the Forest Service.

JEFFERSON FOREST

The Forest Service issued a plan Oct. 16 for the Jefferson National Forest, which covers 700,000 acres in southwest Virginia and a few acres in southeastern Kentucky.

Under the plan, timber cutting should be slightly reduced during the next 20 years, to about 33 million board feet per year, and then gradually increased by 40 percent over the following 30 years. About 49 percent of the forest would be open for logging—64,000 acres less than at present.

The plan calls for less clear-cutting, and clear-cut plots would be much smaller. About 990 miles of new roads would be built, less than half what was called for in the draft.

SUMTER FOREST

In an unusual more, a state agency has appealed the plan issued Aug. 2 for the Sumter National Forest in northwestern South Carolina.

But environmental groups are putting little emphasis on the Sumter plan because only one of the 359,412-acre forest's three sections—the 78,220-acre Andrew Pickens District is a mountainous, hardwood forest.

The plan boosts current timber-cutting levels by 16 percent over the next 10 years and 108 percent over the next 50 years.

The plan adds 1,969 acres of wilderness and 9,396 acres of "special" areas "to protect unusual scenic, biological or recreational values."

[From the New York Times, Nov. 23, 1985]

U.S. TIMBER SALE PLAN IS PROVOKING OPPOSITION

(By William E. Schmidt)

FRANKLIN, N.C.—Above the narrow roads that wind through the Nantahala National Forest here, the areas totally cleared of trees stand out distinctly, bald patches of up to 40 acres hewn out of the densely wooded mountainsides.

"They used to put them way up in the hills, where you couldn't seen them," said Walton R. Smith, a retired Forest Service official who lives on a wooded hillside north of here. "Now they want to cut a tract right above my house. I'm not against tree harvesting, but I think the agency is on a wrong track these days."

Emotions have run high in the rural mountains of western North Carolina, where opponents forced the United States Forest Service to withdraw a long-range plan that recommended increased logging and clear-cutting, rather than selectively harvesting individual trees, in the Nantahala and the neighboring Pisgah National Forest.

DEBATE OVER FOREST PLANS

The controversy here underscores a much broader debate taking place all across the country. The Forest Service is wrestling with loggers, conservationists and a wide variety of public interest groups, from hunters to hikers, over the formulation of the first long-range, comprehensive plans for managing the nation's 191 million acres of national forest preserves.

The plans were mandated by Congress as part of the Forest Management Act of 1976, which was intended, in part, to guarantee greater public participation in forest planning.

So far, of the 123 plans the agency is eventually to produce, 78 have been made public, in draft or final form. According to those new plans, the Forest Service says the agency will offer for sale over the next decade only 8 percent more timber than it would have under existing plans.

But critics argue that even those proposed 10-year timber levels exceed current allowable sales by 15 to 40 percent. More important, they argue, each of the Forest Service plans includes long-range projections for timber harvest that describe allowable timber sales by the year 2030 that would be two to three times above what they are at present.

'NUMBER ONE LAND USE ISSUE'

That kind of increase horrifies environmentalists, who say the current debate will shape the way the Government manages the nation's forest resources over the next 50 years.

"This is the No. 1 public land use issue in the nation right now," said Peter M. Emerson, an official of the Wildeness Society, an environmental group. He argues that the strategy embodied in the plans favors timber production and road building, which will damage other management goals, including recreation, wildlife habitat, wilderness preservation and watershed protection.

To press the point, the society has set up a team of lawyers and resource specialists to analyze the forest plans and has mounted an aggressive lobbying campaign.

In recent months, to help quell the controversy, the Forest Service has said that some of its own documents were misleading when they referred to 50-year forest plans. "We never intended to set specific 50-year targets," said Gary E. Cargill, the agency's chief associate deputy forester. "It's impossible to project timber markets and yields over a 50 year period."

So far, critics of the agency have threatened suits and have filed 62 requests that the agency review plans for logging and roadbuilding in 17 national forests, from Alaska to northern Georgia.

"There has been nothing like this before in the history of resource management," Mr. Cargill said in an interview. "We deliberately sought a vast public input, and we are listening to what the people say. In some of the draft plans, we have made substantial adjustments."

PHILOSOPHICAL DIFFERENCES

In some ways, the current debate underscores basic philosophical differences between the professionals who run the Forest Service, many of whom view timber production as the essential activity of the agency, and environmental activists, like those in the Wilderness Society, who say the preser-

vation and enjoyment of nature are more important than commercial enterprise.

But environmental groups have also argued that Forest Service policies are not only bad for the environment but also economically disastrous. They have asserted that the agency loses money on its timber sales because the cost of new logging roads and other expenses exceeds receipts. A study by the Wilderness Society estimated the Forest Service lost $2.1 billion on its timber program over the last 10 years.

In 1984, the General Accounting Office analyzed 3,244 timber sales in four Western regions in 1982. It found that in 42 percent of them costs exceeded revenue by a total of $92 million.

DISPUTES OVER EARNINGS

Although the Forest Service concedes that a poor timber market caused it to lose money in a third of its timber sales last year, it says it makes money on timber sales over all.

From 1978 until 1983, the agency said, it sold $8.4 billion worth of timber, but the costs of its timber sale program were only $2.9 billion.

The sharply differing contentions about the economics of the timber program have caught the attention of Congress, where a House subcommittee recently demanded that the agency come up with a better accounting system.

Meanwhile, the House of Representatives voted this year to trim $30 million from the agency's road-building budget, a key ingredient of the timber program. The Forest Service administers 340,000 miles of roads in the national forests, a system that is more than six times as large as the Interstate highway network.

The national forests produce about 18 percent of the nation's annual timber harvest. The rest comes from commercial forest preserves.

Here in western North Carolina, the sharpest criticism has revolved around the question of clear-cutting, which remains a visceral issue in a part of the country where private timber companies, in the early part of the century, laid waste to large tracts of virgin timberland.

The Forest Service argues that controlled clear-cutting, limited to widely scattered tracts of no more than 40 acres in size, improves timber stands. In some places, the agency has clearcut hardwood forests to replace them with stands of white pine, which has a higher commercial value.

But local residents favor selective harvesting of individual trees. The Western North Carolina Alliance, a citizens group, has demanded a moratorium on further clear-cutting in the national forests here and has delayed a pending timber sale by asking that the Forest Service reconsider it. They are particularly concerned about erosion and other problems that could accompany clear cutting on steep slopes.

Opposition here is broadly based. Not only have hunters opposed the clear-cutting, but so have real estate developers, who are riding a boom in resort and vacation home development on nearby private lands and fear the logging will scar mountain scenery.

"The people of western North Carolina have issued a mandate," said David Liden, who helped organize the citizen's group here. "They don't want their scenery and wildlife habitats ruined by turning the public's forests into a tree farm."

[From the Atlanta Constitution, Nov. 1985]

FOREST SERVICE TIMBER PLANS PUT NATIONAL FORESTS AT RISK

(By Ronald J. Tipton and Charles W. McGrady)

The Southern Appalachian Highlands comprise one of the most heavily visited recreation areas in the country. Stretching from Georgia into Virginia, this unique area is increasingly vital to the region's quality of life and to its economy.

But the U.S. Forest Service has proposed that we take a chainsaw to this superb resource. The Forest Service in the Department of Agriculture is the caretaker of the six national forests that, together with Great Smoky Mountains National Park, make up the nearly four million acres of federal lands that are most critical to the Southern Appalachians.

If the Forest Service's plans are not fundamentally changed, those six forests, including the Chattahoochee in north Georgia, will lost much of their recreation value.

The bad news has come in the form of draft 50-year plans for each of those national forests. Collectively, these plans call for more than doubling the annual timeber harvest, from 286 to 652 million board feet.

To provide access to loggers, the Forest Service is proposing nearly 12,000 miles of new forest road be added to an existing network of 6,991 miles.

It makes no sense at all.

The most obvious assets we receive from these lands are first-rate recreation opportunities. The clear, cool mountain streams provide critical habitat for trout and hundreds of other species of fish. Dozens of free-flowing streams draw canoeists and whitewater rafters from hundreds of miles away. Hunters flock to these forests for whitetail deer, black bear, wild turkey and other game. More than 500 miles of the fabled Appalachian Trail traverse the Highlands, as do 3,600 miles of other trails.

Because of such assets, the number of wilderness recreation visits to the six national forests in the Southern Appalachians has increased by 25 percent a year since 1979. The Forest Service concedes that this trend is likely to continue, especially in light of the Southeast's rapid population increase. Yet the agency has proposed to log and build roads into some of the best potential wilderness areas in the region.

In north Georgia alone there are more than 100,000 acres of spectacular national forest lands that fully qualify for wilderness status.

But these forests provide us with much more than recreation and the economic stimulus produced by forest visitors. For example, the industrial and municipal water supplies for Johnson City, Erwin, and Elizabethton, Tenn., depend directly on water that flows out of the Cherokee National Forest. The Atlanta metropolitan area relies on the Chattahoochee River, which flows out of the Chattahoochee National Forest, for much of its water.

In addition, these national forests help preserve biologic diversity. The Southern Appalachians currently feature a tremendous diversity of wildlife, including at least 400 vertebrate species and an extraordinary variety of fish. The Cherokee alone provides habitat for 135 species of fish—the most of any of the country's 151 national forests.

This is important. Quite apart from the right of all species to survive and our enjoyment of this abundant resource heritage, there are benefits that man derives from this rich gene pool. This pool serves as a superior laboratory for scientists and as a source for pharmaceuticals, more than 40 percent of which are made from natural substances.

People who never set foot in the Southern Appalachians have a very real interest in the continued health of these forests.

There will be one other big loser if the Forest Service is permitted to increase timbering: the U.S. taxpayer. In 1982, for example, the Jefferson National Forest's timber program returned only 8 cents on every dollar spent by the Forest Service.

In fact, every one of the six national forests in the Southern Appalachian Highlands lost money that year. Boosting the timber cut will only increase these losses because of the expense of building roads into previously untapped areas, which tend to be more remote and feature steeper terrain.

Would that hurt the Southeast's vibrant timber industry? Hardly. The national forests in this region account for only a few percent of the harvest in each of the states where they are located.

The Chattahoochee National Forest, for example, represents only 3.2 percent of the total commerical forest land in Georgia. Timber companies realize that the region's productive private forestlands are more suitable places to cut trees.

We believe it is not too late to prevent this environemntal and economic folly. The Forest Service is now reviewing the public's comments before finalizing the draft plans. And the public has made it clear to the Forest Service that it vehemently objects to the proposed timber goals and roadbuilding.

The Pisgah/Nantahala (North Carolina) draft plan alone drew more than 3,500 individual comments—almost all negative. The Chattahoochee plan attracted more than 2,000 letters, the vast majority of which criticized the Forest Service's proposed direction.

In September the Service is expected to release the final version of the Chattahoochee plan. That document will provide a clear sense of how willing the Forest Service is to reorder its priorities in the southern Appalachian Highlands. The Chattahoochee plan, if revised to gain broad public support, can be a model for the rest of the Southern Appalachian 50-year plans.

For the sake of the millions of Americans who live near or visit the Southern Appalachians, and for the sake of the people of this country in the year 2030, we hope the Forest Service will correct its course.●

DRUG ABUSE AND DRUG-RELATED CRIME

● Mr. BUMPERS. Mr. President, I am pleased to join several of my distinguished colleagues in cosponsoring S. 15, the State and Local Narcotics Control Assistance Act of 1985, introduced by Senator MOYNIHAN, and S. 1820, the Student Chemical Substance Abuse Prevention Act of 1985, introduced by Senator DECONCINI.

These bills are designed to provide States and local entities sorely needed financial support in the fight against drug abuse and drug-related crime. Illicit narcotics are victimizing our children and drug use is prevalent in every social and economic level. Marijuana use increased 5 percent in 1983, heroin use 4 percent, and cocaine use, the

most popular of the three, increased by 12 percent nationwide. The 1983 high school survey prepared by the National Institute on Drug Abuse underscores the seriousness and scope of the problem. It revealed that 87 percent of students used alcohol, 42 percent used marijuana, 25 percent used stimulants, and 11 percent used cocaine.

A recent study of Arkansas high school students revealed a definite connection between drug and alcohol use and high school dropouts and dismissals. The study showed that dropouts and dismissed students used drugs and alcohol at least twice a month in the following percentages: 60 percent used alcohol, 52 percent used marijuana, 19 percent used stimulants, and 6 percent used cocaine. The study also revealed that over 65 percent of the sample group who had tried marijuana or amphetamines first used the drug sometime between the ages of 14 and 16.

The connection between drug use and criminal activity is not a casual one. In Arkansas, total arrests for the sale or manufacture of narcotics increased 23 percent from 1984 to 1985. Total arrests for possession of narcotics increased by 19 percent over the same period.

These statistics are very disheartening and cannot be overlooked. The very lives of our children are at stake. I believe S. 15 and S. 1820 are a step in the right direction.

S. 15 would authorize the Secretary of Health and Human Services to make grants to States for developing more effective drug prevention, treatment, and rehabilitation programs. Each State receiving a grant would designate a single State agency to administer the grant and distribute the moneys to appropriate State and local entities. Twenty percent of the funds will be made to private, nonprofit entities. The Secretary is authorized to spend up to $1 million of the $125 million annual appropriation for public service announcements to educate the public concerning the dangers of illicit drug abuse.

The bill would also authorize the Attorney General to make grants to States to assist State and local governments to increase their drug enforcement activities. The State would be required to establish a statewide strategy for providing additional personnel, equipment, and facilities for more widespread apprehension, prosecution, adjudication and detention of persons accused of violating State narcotics laws. This program would also receive a $125 million annual appropriation in 1986, and such annual sums as necessary through 1990.

S. 1820 would provide funding for a 3-year demonstration project to State educational agencies for the purpose of developing and expanding drug abuse prevention programs by the local school districts in public elementary and secondary schools. The goal of the bill is to integrate into the public schools ongoing drug and alcohol abuse prevention education programs which emphasize the destructive effects of these substances on our minds and bodies. Students would interact with parents, teachers, health care professionals, local law enforcement officials, and civic leaders, all of whom would participate in the programs. The purpose is to concentrate the prevention effort in the schools, where our children most often learn about and have access to drugs and alcohol.

The bill authorizes $5 million to be appropriated in each of the fiscal years 1977-79 for drug prevention assistance grants to State educational agencies. I think this is an uncomplicated and inexpensive way to provide our schools and our children with much needed assistance. This legislation is long overdue.

I hope these bills will support a more comprehensive response to the growing drug abuse problem. I have no illusions about the chances of new programs being authorized in these days of huge deficits, but I still wanted to express my concern and add my name to these efforts. I commend the Senator from New York and the Senator from Arizona for offering these proposals.

HIGHWAY 71 AND THE DEATH OF EDDIE BELLIS

● Mr. BUMPERS. Mr. President, early this year I introduced S. 384, a bill to authorize a demonstration project on U.S. Highway 71 between Alma, AR, and Bella Vista, AR, to improve this heavily traveled and dangerous road. I have spoken to my colleagues on several occasions about the critical need for this important work, and that need is becoming more crucial every day. The death rate from automobile accidents is five times higher than the average for the rest of the State. So I intend to raise this issue at every opportunity. But I am greatly saddened by the reason I feel compelled to bring this to the attention of my colleagues again today.

Another tragic accident has occurred on Highway 71. That treacherous stretch of highway has now claimed the life of Eddie Bellis, who at the age of 71 had been a resident of the Mount Gayler area in northwest Arkansas since 1931. Eddie and the young truck driver who also lost his life in this terrible accident when his truck went out of control were the most recent in a long history of similar tragedies. However, there is a particularly sad irony surrounding Eddie's death.

Eddie Bellis moved into the Boston Mountains with his family when he was 17 years old. Even at that young age, he loved the Mount Gayler area and worked hard for improvements to benefit the other citizens who had settled into this mountain community. He was an early force behind the original construction of Highway 71, and was on hand on July 4, 1931, when the first 18-foot concrete slab was put into place. Since then he has continually sought improvement in the route. His family has operated stores and restaurants on Mount Gayler since 1931, and not only did Eddie take part in that work, but in 1952 organized and acted as chief of the area's first rural fire department, the Boston Mountain Rural Fire Association. He gave his all to volunteer fire and rescue operations, and probably has witnessed first hand more tragedies along Highway 71 than any other person.

For a number of years Eddie has actively fought for improvements in this route, and was a real leader in citizen organization and participation in this effort. Very recently, he presented eloquent testimony at a public hearing on the serious need for Highway 71 improvements. Now, at a time when it appears likely that some progress might be made, when the public sentiment is strong and when the State of Arkansas has recognized the need for this work and committed its own funds, Eddie's life has tragically and ironically ended due to the extremely hazardous conditions he spent his life trying to remedy for the benefit of all who traveled in this part of our State. I want to offer my most heartfelt condolences to his wife, Sue.

Mr. President, I believe that for Eddie's sake, for his family's sake, and for the sake of all who have suffered similar losses because of this very dangerous highway, every effort must be made to see these critical improvements become a reality. My bill, S. 384, will make limited funds available, along with other equally limited State and Federal funds, so that the State of Arkansas will be able to build a safer, improved road. I cannot state strongly enough how important this is to everyone who travels through the Ozark region, and I will vigorously pursue the passage of my bill at every opportunity.●

MOTOR CARRIER SAFETY

● Mr. PACKWOOD. Mr. President, motor carrier safety is a serious problem in this country. The Federal Government, many States—including my home State of Oregon, the motor carrier industry, and the industry's employees, are seeking ways to address this problem effectively. There have been many positive developments in this area, but it is important for the

51-059 O-87-4 (Pt. 26)

Federal Government to take further action to improve motor carrier safety.

I am pleased to be a cosponsor of the motor carrier safety legislation which my colleague Senator DANFORTH introduced on December 5 (S. 1903 and S. 1904). This legislation will lead to vital motor carrier safety improvements by ensuring that motor carrier equipment and the drivers operating that equipment meet meaningful Federal safety standards.

Mr. President, I ask that a recent editorial from the Joplin Globe concerning this legislation, as well as Senator DANFORTH's commitment to improving motor carrier safety, be printed in the RECORD.

The editorial follows:

SAFER TRUCKS

Just how tough should be state and federal safety standards for truck drivers and those 80,000-pound rigs that daily carry much of the nation's interstate commerce?

Considerably tougher than they are now, according to Sen. John Danforth, R-Mo.

Few things are more discomforting to a motorist than to look in the rearview mirror and see bearing down on his car one of the big trucks trying to pick up speed to pull the next hill.

Most truck drivers fortunately are not only competent in handling their monstrous rigs, but also exercise considerable care.

Nonetheless, big trucks can be a deadly weapon unleashed on the roads if they are not kept in top mechanical condition or if the ability of their drivers are impaired, even only slightly, by alcohol, drugs or fatigue.

Every year 4,900 traffic fatalities are recorded in accidents involving trucks. Some of these tragedies might have been prevented by better state inspection programs, stiffer licensing controls on operators of the rigs and improved maintenance of the vehicles.

Consider Danforth's damning indictment: "It is common for over-the-road drivers to secure operators licenses where they are not required to pass a driving test in a heavy truck or where other standards are lax. Likewise, drivers often carry multiple licenses in order to spread points for violations over different driving records. It is notoriously simple for drivers who lose a license to 'state hop' to a new license."

To permit such sleight-of-hand with licenses is to invite trouble. Drivers with questionable safety records are permitted to remain behind the steering wheels of their vehicles and on the highways when they otherwise might have been sidelined.

One potential solution that the Missouri senator is considering is creating a national licensing for interstate truck and bus drivers in order to make them more accountable for safety infractions. Another idea that he is kicking around is offering federal incentives to states that emphasize random roadside checks of trucks.

"An 80,000-pound truck with bad brakes poses a clear and present danger to the driving public," Danforth said. "A fatigued, impaired or irresponsible driver should know that inspectors are looking for him and will pull his license instantly."

If Danforth follows through, his legislation would seem to do much to improve the chances that the next big rig you see won't have serious mechanical problems or won't have at the wheel a driver too tired to think clearly.●

SOMEBODY'S GRANDMA IS STARVING

● Mr. RIEGLE. Mr. President, as the farm bill is being discussed in conference, I would like to call attention to an article in the Detroit Free Press which addresses a provision of the bill. The provision, under the Commodity Supplemental Food Program, would extend three pilot projects in Detroit, New Orleans, and Des Moines serving low-income elderly recipients through 1989. In addition, any unused Commodity Supplemental Food Program funds could be used to serve low-income elderly persons in existing projects or to fund new CSFP projects.

The elderly feeding pilot project was established by Congress in 1981 at three Commodity Supplemental Food Program sites to test distribution of commodity food supplements as a cost-effective way to relieve chronic undernutrition among the elderly poor. In Detroit, Focus: Hope named the project Food for Seniors. Since 1981, Food for Seniors has proven a major success in delivering nutrition to the elderly. Currently, 7,000 seniors in Detroit and suburban communities receive a monthly supplement of commodity foods. An additional 14,000 seniors have been placed on a waiting list, as documented by the Detroit Free Press with an example of a 101-year-old woman who had been waiting for more than a year to receive commodity foods. This story is truly tragic. The farm bill is an important first step in preventing the occurrence of such tragedies by providng programs like Food for Seniors with more flexibility and the ability to feed more hungry elderly.

I ask that this article entitled "Somebody's Grandma is Starving" from the Detroit Fee Press, October 20, 1985, be printed in the RECORD to demonstrate to my colleagues the growing need for food assistance programs to feed our ever-increasing aging population.

The article follows:

SOMEBODY'S GRANDMA IS STARVING

MINUTES COUNT IN WAIT FOR FREE FOOD

(By Jane Daugherty)

For more than a year, 101-year-old Cora Henderson waited with 14,000 other poor elderly people to receive Food for Seniors, a pilot program to combat hunger with commodity foods.

On Thursday, Michael Connor, 16, a volunteer at Focus:HOPE, which runs the food program in Detroit, called her E. Grand Blvd. home to update the seven-inch-thick computerized waiting list for the program.

"I sure could use that food right now," she said softly. "How long do you think I'm going to be around to be on your waiting list?"

Mrs. Henderson, who was one of more than a dozen seniors 100 or older on the waiting list, got an immediate delivery of U.S. Department of Agriculture-purchased rice and beans, canned meats, fruit and vegetables. The thousands of others must continue to wait because federal legislation limits the Detroit area program to 7,500 elderly people.

Connor, a senior at University of Detroit High School who delivers Food for Seniors one morning a week with classmate John Gallant, already was shaken by an earlier call to the home of Charlie Gaston, 100. "One of his relatives said he got sick and died a month ago," Connor said. "We better get some food to this lady."

Said Eleanor Josaitis, Focus:HOPE associate director: "We're putting her on regular deliveries right away. The problem in the Detroit area is deciding which elderly people are the most needy. Obviously, Mrs. Henderson needed food, and she didn't need to be on waiting list. . . ."

Focus:HOPE officials estimate that more than 100,000 elderly residents of Wayne, Oakland and Macomb counties suffer from malnutrition because they are too poor or too frail to get help.

"We'd like to deliver food to all of them," Josaitis said. "But the government won't come up with the 15 percent distribution cost for our trucks and warehousing."

Federal regulations for distribution of Department of Agriculture commodity foods originally were designed to serve only poor infants, pre-school children and their mothers. Those rules exclude most low-income elderly except for those covered by the limited pilot programs in Detroit, New Orleans and Des Moines, Iowa.

Food programs under the Older Americans Act were supposed to take care of the elderly. But the demand for meals served to seniors at centers and for Meals on Wheels for the home-bound vastly exceeds the number of meals that are financed, and federal budget cutting efforts leave little hope that the programs will be expanded.

Because funding covered only 7,500 low-income elderly in Detroit's commodity Food for Seniors program, Henderson was put on the waiting list. Yet when Focus:HOPE volunteers arrived Thursday to enroll her in the program, she smiled as she pulled back the lace curtains on the door of the two-story brick house she retired to in 1968. Mrs. Henderson had worked more than 65 years as a cook and housekeeper in Washington DC., then Long Island.

Like thousands of other older Americans, her lifetime of hard work at low-paying jobs left her with little more than her home and minimal Social Security Checks.

When she unbolted the door to her sagging porch for Connor, she was too weak to turn the balky doorknob. Using her aluminum walker, it took her five minutes to navigate the 50 feet to the easier-to-open back door.

Bread, eggs, ice water, raw chicken livers and an unopened bottle of orange juice were the only foods in the big, old house. Connor put the commodities food package on the kitchen table and was ushered into the once-grand dining room by Mrs. Henderson, now a 100-pound wisp of a woman.

Five or six years ago, she weighed 180 pounds as numerous pictures attest, but the years and rising food prices have taken their toll.

"I don't cook so much any more," she told her Focus:HOPE visitors. "I used to be famous for my cakes and fried chicken.

Now she gets by on a Social Security check of $333 a month, especially difficult in winter when heating bills soar.

"I ain't worth a dime," she laughed when asked about her health. But a recent doctor's checkup showed her to be in remark-

ably good health, with arthritis her only major ailment, she said.

"I just worked too hard, worn out. I saved my money, bought this house, but then people came in and robbed me—several times," Mrs. Henderson said.

Born in 1884 on a farm near Whitmore, S.C., she outlived her two children and the husband who abandoned them long ago.

"I feel pretty good. You know, I never expected to live this long. Who does?" she said. "I can't do nothing, can't go up the stairs anymore, but I get by.

"I enjoy living. I do. And I love baseball—outside of church, that's my favorite. I love them Tigers. You know they won the pennant last year. This year, they were out."

Mrs. Henderson used to get food stamps "but they cut 'em off. Don't ask me why."

Like many other elderly Social Security recipients, her $10-a-month food stamp allotment was eliminated when she got a cost-of-living increase in her Social Security check.

"I eat when I can get it. I still have my appetite," she said.

Neighbors keep an eye out for her and sometimes bring in food, as does a grandson-in-law.

She thanked the students for their visit and especially for the emergency delivery of the monthly food allotment that would cost $50 in a grocery store. The U.S. Department of Agriculture buys it for $25 and, in the three demonstration programs around the country, pays 15 percent of the cost of the food to local organizations to deliver it to the most needy elderly people.

In the tri-county area, 4,044 elderly people receive home-delivered Meals on Wheels through the Areawide Agencies on Aging, Detroit's Meals at Home program and the Senior Alliance.

"It's a drop in the bucket," said Kathleen Kirschenheiter, associate director of the aging agency that covers Oakland and Macomb counties. "Meals on Wheels are so expensive, so we have very narrow eligibility requirements. It used to be that all you had to do was call up and say, 'Mrs. So-and-So is 92, and she's not getting enough to eat,' and we'd sign her up. We just can't meet that need anymore."

At Detroit's Areawide Agency on Aging, nutrition specialist Corlis Brown-Lloyd said more than 1,000 people are on the waiting list for Meals on Wheels. "The waiting list is so long that hospitals aren't even referring patients being released anymore, and that's a shame," she said.

"But frail people who get on Meals on Wheels almost never leave the program. They need them to survive. Usually our only openings are when people die or go to a nursing home."

The Rev. William Cunningham, Focus:HOPE executive director, winced at the news that a 101-year-old woman had to wait more than a year to get Food for Seniors. "Are we turning into a damn bureaucracy, too?" he asked Josaitis. He was told that when Mrs. Henderson was put on the waiting list there were other elderly people in more dire circumstances.

"I just can't accept that in a country with warehouses brimming with surplus food that will rot," he said. "We'd rather keep it stored so it doesn't have to be counted as part of the deficit rather than give it to starving kids and old ladies."

After a four-year battle over expansion of commodities programs, the U.S. House of Representatives this month passed a farm bill with a provision that would expand those food programs around the country to include some low-income elderly. The Senate farm bill also includes a Food for Seniors measure, but the House and Senate versions differ in financing formulas. The proposals are to go to conference committee at the end of the month. Josaitis said supporters are "quite confident" that the elderly poor will become eligible for commodity foods nationwide.

Many of the seniors on the Focus:HOPE waiting list are retirees and Social Security recipients who find it difficult to stretch their pensions and benefits far enough to cover medical expenses and other essential needs.

There's James X., a 64-year-old with various medical problems, a partially paralyzed wife and too much pride to allow his name to be published in a story saying he doesn't have enough food to eat.

As a 20-year-old private first class in World War II, he toted an M1 rifle to battle on the Marshall Islands and in the Philippines. He came home to Garden City and a succession of manufacturing jobs at Kaiser-Frazer, Hydramatic and the Ford standard-transmission and radiator plant, where he got laid off before he was vested in a pension.

"My last job was at the Kansas City Steak House out at Fourteen Mile running the dishwasing machine," he said, blue eyes blinking double time to maintain his composure. "It was all I could find.

"I'm not angry, I just don't think anyone in this country should go hungry, that's all. I know we're sending food over to Africa—what's that country? Ethiopia—to save those people from starving, but they should worry about people who are starving over here, too."

His Focus:HOPE records indicate that James and his wife had run out of food when they were signed up for Food for Seniors. He limps badly from a year-old ulcer in his foot and has not been able to pay the $3 Medicaid copayment to replace the 40-year-old U.S. Army-issued dentures that fell to the floor and broke months ago.

His total income is $339 a month from Social Security and $47 in food stamps. The rent on this grime-streaked city apartment is $150 a month. The gas bill triples in winter to $90 a month for minimal heat. Electricity costs another $30, and the phone bill adds another cost.

"I didn't think anything about my retirement—not one minute," he said. "I didn't really expect to have a hard time when I was old. I guess I thought maybe my ship would come in, but I think it got sunk about halfway there."

That is how things turned out for thousands of retirees who worked all their lives but didn't manage to save much and wound up ineligible for anything but minimal Social Security.

"I never expected to be paying $124 a month for medicine just to stay alive," said Mary Theriott, 63, who lives just off the Wayne State University campus.

On the coffee table, seven prescription bottles tell the story of where much of her Social Security and $6.70 a month from Supplemental Security Income wind up. Medicare and Medicaid cover only part of the cost of her medications, leaving her with the choice of paying the rest or doing without.

She suffers from heart disease, high blood pressure, stomach ulcers, kidney problems and is awaiting results of a biopsy.

"I'm thankful for this food," she said. "I have to buy medicine first, then whatever is left I can go to the store with."

Wayne County nutritionist Steve Gold said such food vs. medicine dilemmas are common among the elderly. "There's a lot of malnutrition among the elderly that may not be very obvious. People who are overweight, you know, may well be malnourished. You can be calorically overnourished, yet have an iron deficient diet that leads to anemia, for instance."

Gold said Focus:HOPE's estimate that as many as 100,000 elderly in the tri-county area are malnourished "does not sound excessive."

"Hunger and malnutrition are not reportable statistics," he said. "We don't count them well. We count them when they die or have certain diseases. . . . It's a vicious cycle. Certainly elderly people who are malnourished are paying a medical price. They are more vulnerable to catastrophic illnesses and infections."

As John Gallant, 17, sees it when he delivers food boxes each week to isolated older people: "I'm sure they are somebody's grandma. They seem so lonely. At one house, the gas stove was heating the entire house. You can tell some of them are literally hungry. We should be doing more."●

TUITION ASSISTANCE PROGRAMS FOR ARMED SERVICES PERSONNEL

● Mr. PELL. Mr. President, I would like the RECORD to reflect my concern about the administration of tuition assistance programs currently available for personnel of the armed services, and specifically about discriminatory practices within the Department of Defense concerning eligibility of certain institutions to provide such educational services.

The Navy allows personnel to utilize tuition assistance at any educational institution accredited by a body recognized by the Department of Education and the Council on Post Secondary Accreditation [COPA]. The Army, Air Force, and Marine Corps have adopted more restrictive policies, however, which have the effect of prohibiting some fully accredited institutions from participating.

One such institution, located in my own State, is Johnson and Wales College, a degree-granting business college chartered by the State of Rhode Island and accredited by the Association of Independent Colleges and Schools.

The report of the House Appropriations Committee [Rept. 99-332] which accompanies H.R. 3629, the Department of Defense appropriation bill for 1986, deals with this matter very clearly on page 65. It states:

> The Department of Defense is directed to provide guidance to all Services to implement a uniform policy to allow students under the tuition assistance program to have a full choice of all educational institutions accredited by a body recognized by the Department of Education and the COPA.

However, there was no comparable statement in the report of the Senate committee on the bill.

The question which now arises is whether the statement in the House committee report will prevail as a policy guideline to the administrators of the program in the absence of any expression of a position in the Senate report. I understand that my distinguished colleague Senator CHAFEE has received some assurances in this regard which should be placed on the record to assure that this matter will not be lost from sight in the broad context of the continuing resolution.

Mr. CHAFEE. The Senator is correct and I join him in expressing concern about the lack of uniformity in eligibility standards which apply to educational institutions providing services under the Department of Defense tuition assistance program. There should be a single, common policy for all branches of the military, and the report of the House committee provides a very clear directive to that end, as my colleague suggests.

I am very happy to reply that the House policy directive does and will prevail in these circumstances. I have been assured by the Senate Appropriations Subcommittee that it does not take issue with the House report on this matter and that the Senate committee's silence on the matter does not indicate a contrary view. Moreover, I have been given every reason to hope that the conference report on the continuing resolution will include a specific affirmation of the House language. But I agree with my colleague that we should take this additional opportunity to record our concern and our understanding of the remedy.●

TOYOTA MOTOR CORP., SCOTT COUNTY, KY

● Mr. MCCONNELL. Mr. President, today in Lexington, KY, I had the privilege of joining Governor Collins, Senator FORD, Congressman HOPKINS, Judge-Executive Sutton and the citizens of the Commonwealth in welcoming the announcement of the construction of a $800 million Toyota Motor Corp. assembly plant in Scott County, KY.

In the State of Kentucky, Toyota will find a work force committed to the highest standards of excellence. They will find a community committed to maintaining a full and rich quality of life. And they will find State, local, and Federal officials committed to becoming "working partners."

Toyota Motor Corp. will also find something else—something that after visiting Japan earlier this year I found was as important to the Japanese as it is to us—a sense of loyalty.

Mr. President, I ask that an article appearing in today's Lexington Herald-Leader appear below.

The article follows:

TOYODA FAMILY CARVED VAST AUTOMOBILE EMPIRE

(By Andy Mead)

First, the names:

The Japanese executives in Lexington today to announce that an automobile assembly plant will be built in Scott County are Shoichiro Toyoda and his cousin, Eiji Toyoda.

The company they head is the Toyota Motor Corp., the world's third-largest automaker.

Notice the different spelling?

A good deal of superstition went into the decision to change one letter in the family name for the company's name.

The superstition was described by Seisi Kato, a former company executive, in his book My Years With Toyota.

"Risaburo Toyoda, the first president of Toyota Motor Co., preferred 'Toyota' for the company's name because it took eight brush strokes to write in Japanese, while 'Toyoda' took 10," Kato wrote. "The Japanese character for eight (hachi) suggested further growth, Risaburo said, while 10 offered no such space for growth."

The name has served the company well. In its nearly 50 years of existence, Toyota has become Japan's largest company, and the Corolla is that country's most popular car.

Toyota also has captured 8.1 percent of the worldwide auto market. Only General Motors, with 19.3 percent, and Ford, with 12.3 percent, are larger.

The rising sun never sets on Toyota's far-flung factories. Besides 10 factories in Japan, the company has 29 plants in 20 other countries. There are factories in such places as New Zealand, South Africa, Indonesia, India, Brazil and Portugal. Toyota has dealers in 140 countries.

The company's "Global 10" plan is aimed at getting 10 percent of the world market, although there are reports that the goal has been increased to 12 percent.

Parts of the plan to obtain that goal are the plant to be built in Scott County and another planned for Canada.

The Scott County plant is scheduled to produce 200,000 cars a year after opening in late 1988 or early 1989; the Canadian plant will produce 50,000 cars.

In addition, a joint venture with GM in California already produces 200,000 Chevrolet Novas a year, and next year will begin producing Toyotas at a rate of 50,000 a year.

These factories are expected to cement decade," U.S. Wendell Ford, D-Ky., said yesterday that it represented "a stamp of approval on the governor's ability not only to run state government but to push it into a new era as it relates to job opportunities."

"Not only does this give us a breakthrough with one of the (industrial) plums of this decade, but it will also attract others," Ford said. "Toyota made a very thorough, detailed survey of opportunities throughout the country and selected Kentucky. . . . It will cause other people to look and say, 'If it's good for them, it's good for us.'"

In fact, Toyota's selection of a Georgetown site—to be announced at 11 a.m. at the Hyatt Regency Hotel—may bring far more manufacturers and related jobs to Kentucky than originally thought.

State Commerce Secretary Carroll Knicely said last night that an influx of foreign investment "could double or triple" the number of jobs available at the Toyota plant itself. Earlier reports indicated that the Toyota plant would employ up to 2,000 workers, but state officials have in the last day or so used the figures 2,000 to 3,000 in describing the plant.

Knicely said that Tokai Bank in Japan had indicated that 100 Japanese companies were interested in following the new Toyota plant to the United States. Toyota is Japan's largest company.

Charles Haywood, a professor of finance at the University of Kentucky, said: "It would be hard to overstate the impact of this on employment in Central Kentucky. It is a major event, no question about it."

Haywood said that the plant could create jobs not only in Toyota operations but also in local service industries; auto-related and supply companies; and businesses not related to the autos at all, such as the finance and insurance industries.

He described the last category as "firms that would say, 'If it's attractive enough for Toyota, let's take a look at it ourselves.'"

Collins' office on Monday night began distributing yellow and black "Kentucky . . . Oh, what a feeling!" buttons. "Oh, what a feeling!" is a Toyota advertising slogan.

Collins was lauded at a Lexington luncheon yesterday honoring state Energy Secretary George Evans as Coal Age magazine's Man of the Year.

"This governor has single-handedly pulled off one of the greatest economic development feats in America," Evans said, "Toyota will mean better things not only for Central Kentucky but for the whole commonwealth."

He added that the Toyota site selection "is Japanese," she said. "They go hand in hand. That's what I've been saying all along."

Collins said that she had been working on Toyota recruitment since March.

Knicely said that Collins had named an executive team on Nov. 6 to coordinate the state's efforts to recruit Toyota, a move the state had not made when trying to lure General Motors' $3.5 billion Saturn project.

GM eventually decided to locate the Saturn project in Spring Hill, Tenn., near Nashville. Collins had indicated on Monday that Kentucky finished second in that site race.

The executive team consists of the governor, who heads the group; Hayes; Knicely; Finance Secretary Gordon Duke; acting Transportation Secretary C. Leslie Dawson; Human Resources Secretary Al Austin; Natural Resources Secretary Charlotte Baldwin; and Ted Sauer, the executive director of the Commerce Cabinet office of international marketing.

Knicely said that another major difference was the involvmeent of the private-sector Kentucky Economic Development Corp., which put up $100,000 for land options. He said that the state had learned in July that Toyota was seriously looking at the United States for a site for its new plant, but he added that Kentucky officials were not actually aware that Georgetown was on the short list of contenders until three or four weeks ago.

Among other Toyota-related developments and reactions yesterday:

Bill Osos, regional director for the United Auto Workers union in Indianpolis, said there were no negotiations being conducted between Toyota and the UAW about repre-

sentation of workers at the Scott County plant.

However, he added, "We would be expecting it to be a union work force and represented by the UAW."

Osos said that the UAW contract at the joint Toyota-GM venture in Califorina had helped relations between Toyota and the UAW.

John Booher, a Georgetown banker and president of the Georgetown/Scott County Chamber of Commerce, said that the plant Toyota's already strong presence in this country. After a shaky start when the first Toyotas were imported into the United States in 1957, the company's sales steadily increased to the point that it sold 822,000 cars and trucks in the United States last year, more than any other foreign automaker.

The reason Toyotas sell well in the United States is that the company makes good cars. Toyotas have consistently been ranked high by Consumer Reports, and the company's new MR2 model received Motor Trend magazine's 1985 Import Car of the Year award.

The prosperity of the company itself is due in large part to a conservative financial management style, sharp marketing skills and constant search for technical innovations.

"Autonomation" is the term coined by the Japanese to describe the method for controlling quality and eliminating defects, thus increasing profits.

Some of the company's personal practices, such as "quality circles" that involve employees in problem-solving, are now being widely copied by U.S. companies.

The company encourages suggestions from employees. More than 13 million suggestions have been submitted since the program began in 1951. Last year alone, there were 2.4 million suggestions for improving the company, 96 percent of which were implemented.

Toyota takes a paternalistic attitude toward its workers in Japan, offering low-cost loans for home purchases and providing social clubs and sports activities at each of the Japanese factories.

The company has had low points. Kato, the former company executive, wrote that the first prototype Toyota, produced in 1935, left a lot to be desired.

"The sound that engine made when we first stepped on the accelerator was like the first cry of a newborn baby: Japan's infant auto industry was alive," he wrote.

World War II was a major setback for the company. Most production stopped during the war, although trucks were supplied to the military.

On Aug. 14, 1945, the last day of the war in Japan, B-29 bombers knocked out half the company's operations. And because Toyota had participated in the war effort, it was prevented from operating for several years after Japan surrendered.

Although Toyota is a publicly held company, the Toyodas are still very much in control. Shoichiro Toyoda is the company president. His father, Kiirchiro Toyoda, founded the company. Shoichiro's grandfather, Sakichi Toyoda, was a famous Japanese inventor who started a textile company that began the family empire.

Most of the company's growth has come under Eiji Toyoda, the chairman of the board, who is now in the process of turning the reins over to his cousin, Shoichiro Toyoda.

TOYOTA AT A GLANCE

The company was founded in 1937 by Kiirchiro Toyoda, whose father, Sakichi Toyoda, was a famous Japanese inventor who started a textile company that began the family empire.

The company now is headed by Kiichiro's son, Shoichiro Toyoda, the president, and by Shoichiro's cousin, Eiji Toyoda, the chairman of the board.

The company's headquarters and most of its Japanese plants are in Toyota City, near the seaport of Nagoya, which is near the same latitude as Atlanta.

The first Toyotas were imported into the United States in 1957 and were poorly received. Last year, the company sold 822,000 cars and trucks in this country.

Toyota is Japan's largest company—it has nearly 30 percent of the Japanese vehicle market, and the Corolla is Japan's favorite model. The company has 8.1 percent of worldwide vehicle sales.●

ORDERS FOR THURSDAY

RECESS UNTIL 9 A.M.

Mr. GARN. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9 a.m. on Thursday, December 12, 1985.

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

ROUTINE MORNING BUSINESS

Mr. GARN. Mr. President, I further ask unanimous consent that following recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business not to extend beyond 9:30 a.m., with Senators permitted to speak therein for not more than 5 minutes each.

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

PROGRAM

Mr. GARN. Mr. President, following morning business, it will be the intention of the majority leader to turn to any of the following items:

OPIC conference report, S. 947;

S. 1396, White Earth Indian bill, under a 4-hour time agreement;

S. 1915, the counterterrorism bill, hopefully under a time agreement;

Possible trade legislation;

Any conference reports available that accompany the so-called must items; and

Any other Legislative or Executive Calendar items that can be cleared for action.

And the majority leader advises that votes can be expected throughout the day on Thursday.

Does the minority leader have any closing statements he wishes to make?

Mr. BYRD. Mr. President, I thank the distinguished acting majority leader for his courtesy. I have nothing to recommend on this side.

RECESS UNTIL TOMORROW AT 9 A.M.

Mr. GARN. Mr. President, I move that the Senate stand in recess until tomorrow at 9 a.m.

The motion was agreed to, and at 8:17 p.m., the Senate recessed until Thursday, December 12, 1985, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate December 11, 1985:

FEDERAL RESERVE SYSTEM

Wayne D. Angell, of Kansas, to be a member of the Board of Governors of the Federal Reserve System for the unexpired term of 14 years from February 1, 1980, vice Lyle Elden Gramley, resigned.

Manuel H. Johnson, of Virginia, to be a member of the Board of Governors of the Federal Reserve System for a term of 14 years from February 1, 1986, vice J. Charles Partee, term expiring.

IN THE NAVY

The following-named lieutenant of the line of the Navy for promotion to the permanent grade of lieutenant commander, pursuant to title 10, United States Code, section 628, subject to qualifications therefore as provided by law:

Donald F. Schorr II

IN THE NAVY

The following-named Naval Reserve Officers to be appointed permanent lieutenant in the Medical Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Briana M. Albert
Timothy F. Arches
John M. Avallone
Bruce C. Baker
Adam M. Barron
Frederick V. Bauer
David C. Brandon
Barton A. Branscum
David S. Brantley
Charles M. Collins
Raymond B. Demoville
Mark C. Drew
Kathleen M. Dully
Ann P. Fallon
Neil F. Gibbs
Bruce L. Gillingham
Thomas W. Grossman, Jr.
Mark W. Handy
Brian L. Johnson
Daniel W. Karrakla
Walter M. Kidwell
Wayne A. Kruithoff
Carla A. Lamers
Terry Lee
Steven V. Lewinski
Peter E. Linz
Laverne R. Lowell
Robert D. Lynch
Stephen D. Mattson
Daniel M. Merrill
David B. Morgan
Peggy M. Morrill
Neal A. Naito
Olaf B. Nordling
Elizabeth R. Ober
Donald E. O'Malley
Anthony S. Panettiere, Jr.
Fred G. Panico
Jeffrey W. Paulson
Nancy F. Petit
Jonathan J. Ply
Paul A. Pudimat
Robert T. Sargent, Jr.
Patrick L. Simming
Joseph K. Statkus
John K. Watson
Mary E. Watson
Eric J. Zintz

CONFIRMATIONS

Executive nominations confirmed by the Senate December 11, 1985:

NATIONAL SCIENCE FOUNDATION

Warren J. Baker, of California, to be a member of the National Science Board, National Science Foundation, for a term expiring May 10, 1988.

FEDERAL LABOR RELATIONS AUTHORITY

Jerry Lee Calhoun, of Washington, to be a member of the Federal Labor Relations Au-

thority for the remainder of the term expiring July 29, 1987.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.