SENATE—*Tuesday, March 25, 1986*

(Legislative day of Tuesday, March 18, 1986)

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

PRAYER

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

Let us pray.

Almighty God, today we celebrate Purim—the remembrance of Your deliverance of the people of God through their queen, Esther. We praise and thank You for Your sovereign overrule at that time in history, and we pray for Your overrule at this time in history.

Gracious Father in Heaven, these next 3 days will be heavy for the Senate. The issues are compelling, complex, controversial, confusing, and critical. About these issues, there has been much dogmatism, little certainty, and a great deal of emotion. Many have enjoyed the privilege of speaking without the responsibility of deciding. Now 100 men and women in this body bear the burden of decision. As debate heightens and heats, guide the Senators in their speech, so they will say all they will wish they had said and refrain from saying anything they will wish they had not said. As the moment of decision arrives, make Your presence known and felt, Dear Lord, work Your will here in spite of us, if necessary, in His name whose life purpose was to do Your will. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator DOLE, is recognized.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order the leaders will have 10 minutes each.

ORDER VITIATING SPECIAL ORDER

Mr. President, I ask unanimous consent that the special order in favor of Senator MATHIAS be vitiated.

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

Mr. DOLE. So there will be special orders in favor of the following Senators for not to exceed 5 minutes after the leaders: Senators CRANSTON, HAWKINS, STENNIS, and PROXMIRE; routine morning business not to extend beyond the hour of 11:30 a.m. with Senators permitted to speak therein for not more than 5 minutes each.

At 11:30 a.m., by previous unanimous consent, the Senate will begin 30 minutes of debate on the motion to proceed to S. 1017, the airport transfer bill, the time equally divided between the Senator from Maryland, Senator SARBANES, and the remainder of time to be equally divided between the two Senators from Virginia.

At 12 noon the cloture vote will occur on the motion to proceed to S. 1017, the airport transfer bill, with the mandatory quorum under rule XXII being waived.

Following the vote, the Senate will stand in recess until 2 p.m. in order for the weekly party caucuses to meet. By unanimous consent at 2 p.m., the Senate will resume consideration of Senate Joint Resolution 225, the constitutional amendment calling for a balanced budget. A vote on final disposition will occur at 6 p.m. this evening.

Mr. BYRD. I believe the agreement said "at."

Mr. DOLE. "At." It says at 6 p.m. Maybe by agreement we might make it earlier.

CONTRA AID

Perhaps we could begin consideration of the Contra aid resolution under a statutory time limitation of 10 hours. In regard to that there may be some real possibility of working out a truly bipartisan resolution that I believe addresses the concerns many of us have in this body on each side and particularly the concerns expressed by the President in the past several days.

If that is the case, if we could do that, it may be we could start debate tomorrow rather than this evening on that matter.

Mr. President, I will just take a couple minutes on another matter that has happened just since yesterday.

LIBYAN PROVOCATIONS AND THE AMERICAN RESPONSE

NEW CRISIS IN GULF OF SIDRA

Mr. DOLE. Mr. President, yesterday, we discussed the serious situation in Central America and characterized our vote on Contra aid as perhaps the most important foreign policy decision we will take this session. It is in the nature of foreign relations in our volatile world that today I rise to discuss a new crisis, in a different part of the world, where important national interests are again at stake, and where American resolve is again being tested.

LIBYAN ATTACKS AND OUR RESPONSE

The renegade regime of Colonel Qadhafi, in violation of international law, and in direct challenge to our will and our power, has launched a series of missile attacks—the court this morning has reached a dozen—on U.S. aircraft in the region of the Gulf of Sidra. The first such attacks were against American planes operating not only in international airspace, but outside the so-called line of death that Qadhafi has illegally claimed as within Libya's control.

Our response has been swift, effective and measured. We have struck twice against the missile installation from which the Libyan SAM's were launched, and we have attacked—and apparently sunk or seriously damaged—four and perhaps five missile-bearing fast patrol boats which were threatening our naval forces in the Gulf of Sidra. And I should add the threat from those patrol boats is real—they are the same type involved in sinking an Israeli destroyer during an earlier engagement in the region.

QADHAFI'S NEW THREATS

The situation remains extremely tense. Qadhafi has lashed out with his usual array of threats, including a threat to launch terrorist assaults on our interests around the world. It is unclear whether he will follow through on these threats, or launch additional military attacks in the gulf. But it is clear that, if he does, we will respond, as we should, and as we have—with focused force, in defense of our rights and our interests, and with full regard for avoiding unnecessary damage to civilians or nonmilitary installations.

AT STAKE: OUR RIGHTS AND OUR RESOLVE

What is at stake in the Gulf of Sidra? First, our right—and, indeed, the right of any sovereign nation—to send our ships through international waters. That is a right we must protect if we are to remain a credible military power in the world, and if we are to retain the ability to protect our far-flung interests. It is a right we insist on, and we test, in waters around the globe; wherever it is or might be challenged. By testing this right, we are not challenging or provoking Qadhafi. By attacking us when we are exercising this right, Qadhafi is challenging and provoking us.

And so, a second, and even more important, thing is at stake—our national resolve: our resolve to insist on our rights; to defend our interests; to re-

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

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spond to attack. We have for a long time—perhaps too long a time—suffered Libyan attacks; Libyan-sponsored terror; Libyan threats, and Libyan insults. We have shown enormous patience and forbearance. But it is now clear that Qadhafi has misinterpreted our forbearance as a lack of will or determination. As he counts his losses this morning, he should no longer doubt our ability and our willingness to respond when he gives us no other choice.

And if he follows through on his threats—whether to continue attacks on our forces in the gulf or to launch terrorist assaults on our installations and personnel elsewhere—he should now know that we will respond—in kind, at the source, and with effect. From now on, if Qadhafi wants to play, he will pay.

AMERICANS ARE UNITED

And let one final message go out to Qadhafi today, loud and clear. On this issue, Americans are united; Republicans and Democrats alike. We will not yield our rights; we will not tolerate attacks; we will not give in to threats and intimidation; we will defend our interests. We support our President; we applaud his action; and we will continue to act with unity and determination, until this crisis is resolved and until our rights and interests are again secure.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. The Democratic leader is recognized.

ORDER OF PROCEDURE

Mr. BYRD. Mr. President, I have listened to the distinguished majority leader, especially with respect to his comments concerning what is going on in the Gulf of Sidra.

Before I proceed on this line, may I ask the distinguished majority leader what he anticipates with respect to rollcall votes, let us say, beyond 6 o'clock this afternoon? There is a vote scheduled for 6 p.m., as the majority leader has reminded us. Will there be any rollcall votes following that vote?

Mr. DOLE. I do not anticipate any votes after 6, because if we did start the Contra resolution, there would be considerable debate, I assume, before we have amendments. I would think if we came in early tomorrow, we might be able to finish the Contra aid either late tomorrow or sometime early Thursday.

Mr. BYRD. Would it not depend, to some extent, on what happens on the cloture vote on the airport bill?

Mr. DOLE. I do not believe so. Contra aid, as I understand, is privileged and I can bring that up at any time.

Mr. BYRD. The majority leader is correct in that regard, but whether or not we stay beyond 6 and have rollcall votes beyond 6, might it not, to some extent, be influenced by the outcome on the cloture vote, even though the order has been entered that rule XXII be waived at that point so that the earlier unanimous-consent agreement that was entered into with respect to the constitutional amendment will be carried out regardless of what happens on cloture?

What I am trying to do is get a clear understanding, if I may, of what the Senators on both sides may expect after 6 o'clock.

Mr. DOLE. I would expect, after 6, after we have a vote on the constitutional amendment, we would move to Contra aid for debate only, but not go back on the airport bill in any event. So I would think it would be safe to assume that after 6 o'clock—and, again, we will make that announcement hopefully by 3—that Senators will be free to keep other engagements that I know many have.

Mr. BYRD. I thank the distinguished majority leader.

LIBYA

Mr. BYRD. Mr. President, it is accurate that, in the minds and eyes of about all nations of the world, Colonel Qadhafi's claims that territorial waters out as far as 125 miles are Libyan waters are not supported in international law. Even the Soviet Union, at least we are told, agrees with that.

Mr. President, ours is a major maritime nation and it does have some responsibilities to assist in keeping international waters open and not allowing some kind of theory that might be equated to "squatter's right" govern in this instance. The United States, as the leading maritime nation of the world has a right, to carry out normal and routine naval exercises in that area.

The United States has had its ships in the area before. It has gone south of the so-called "line of death" on several occasions. The United States is, I think, not only fulfilling a responsibility here; it is also doing a service to the other countries of the world. I would hope that our European and other allies would be supportive of this effort.

These are exercises that the United States carries out from time to time. It has a perfect right to be where it is today, and it certainly has a right and a duty to counter any attacks that are made upon it while it is acting legally in international waters.

Our country has no duty to turn tail and run if it is attacked in international waters. It has a duty to withstand those attacks, and it has done so.

As to the War Powers Act, I personnally do not believe that that act seizes at this point.

Now to argue that we expected to be attacked, I do not think we had any reason to expect these attempted attacks upon our ships and planes. This is international airspace as well as international waters. So I hope that we would continue to do what is our right, what is in our national interests, what is in accordance with international law, and if Qadhafi thinks otherwise and acts otherwise, we should act accordingly to meet forces with force.

CONTRA AID

Mr. BYRD. Mr. President, as to the Contra vote which will be coming before too many days, our staffs are working together—Senator SASSER's staff, my staff, Senator DOLE's staff, and other Senators' staffs on both sides of the aisle—working in an effort to develop, hopefully, what can became bipartisan approach.

Only with bipartisan support in this body and on the part of the American people can this Nation be successful in its endeavors to promote democracy and peace and stability in Central America. I am glad that the rhetoric has cooled somewhat lately. I doubt that the prospects for bipartisanship are promoted when hot rhetorical, emotional, unreasonable statements are made from either end of the avenue, and more particularly, in this case, those that have come forth from the other end of the avenue, not by the President so much as by others at the White House.

Mr. President, if I have any remaining time, I ask unanimous consent that I may reserve it for later use.

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

Mr. BYRD. I yield the floor.

RECOGNITION OF SENATOR CRANSTON

The PRESIDING OFFICER. The Senator from California is recognized.

LIBYA

Mr. CRANSTON. Mr. President, this is a day of storm and stress—and potential danger—for our United States.

There are suggestions that the incident in the seas offshore from Libya result from a provocation by the United States. Let us remember that the first provocation came from Colonel Qadhafi of Libya.

It is clear that terrorists are trained in Libya.

It is clear that terrorists are dispatched from Libya on their missions of death elsewhere in the world.

So I believe that our naval presence in the Gulf of Sidra had less to do

with freedom of the seas than it had to do with finding a way to retaliate against a terrorist leader—if he chose to carry out his threats if we crossed his so-called line of death.

Qadhafi has now learned that he can neither act illegally on international waters, nor with impunity in resorting to terrorism.

Through this day we will be scanning the news reports as they tumble in from the Gulf of Sidra and from Honduras. And perhaps we will commence a serious discussion of aid to the so-called Contras tonight, and, if not tonight, probably tomorrow.

But first the Senate is locked into consideration on the issue of who should run the two local airports, Dulles and National. And if the Senate votes for cloture at noon today, we will not be able to consider any other matter no matter how important until that matter is disposed of.

I assume the Senate will not vote cloture today in view of these circumstances and because of the merits and demerits of the airport proposition.

But when we manage to set aside that issue, the Senate is then committed to winding up debate and then voting late today on yet another diversion—the proposed constitutional amendment that would require a balanced budget.

BALANCED BUDGET CONSTITUTIONAL AMENDMENT

Mr. CRANSTON. Mr. President, balancing the budget is a serious matter and Congress and the President should be up and doing, not diddling.

Later today we will diddle with a so-called balanced budget constitutional amendment if we get to it—which could not possibly go into effect for years and probably will never go into effect at all.

What we and the President should be doing instead is agreeing on how we are going to meet the Gramm-Rudman deficit target for the fiscal year that is breathing down our necks.

The day of reckoning is just a little over 6 months away. And we are wasting precious time playing Trivial Constitutional Pursuits.

Although a Federal district court in Washington overturned a key provision of Gramm-Rudman, it did not upset the part of the law that requires Congress to reduce the deficit to $144 billion in fiscal 1987, $108 billion in 1988, $72 billion in 1989, $36 billion in 1990, and zero in 1991.

Those deficit targets still stand—and so they should.

Beyond any shadow of doubt, the $200 billion deficits of the past 4 years have hurt the economy, contributing to high interest rates, trade deficits, plant shutdowns, and business bankruptcies.

The deficits must and will be cut and the budget balanced. That is the law.

The only real question now is: How?

How do we achieve the enormous cuts in the deficit mandated by Gramm-Rudman in the relatively short time that the law allows without enfeebling our economy and undercutting our national security?

If the Supreme Court reverses the lower court and declares Gramm-Rudman constitutional in all respects, a continuation of the current budget deadlock between Congress and the President will result in automatic and indiscriminate across-the-board cuts—perhaps amounting to as much as 25 percent—in almost all domestic and military programs.

Domestically, that would mean cuts in such basic programs as the number of air controllers and air safety inspectors—at a time when air safety is a major concern of the American public—reductions in the Border Patrol, customs agents, the Coast Guard, the FBI, the Drug Enforcement Agency, and the Justice Department as a whole—at a time when the hard drugs that come across the border and the consequent crime worries us all.

It would mean cutbacks in cancer research; and in education—the font of our future engineers, physicists, mathematicians, and civic and cultural leaders.

Militarily, the enormity of the reductions that would be required by Gramm-Rudman under a continued Presidential-congressional deadlock could seriously jeopardize our combat readiness and our basic national defense.

That is what we and the President should be focusing on.

That is the real world of the balanced budget—not the chimera of a constitutional amendment.

Mr. BYRD. Mr. President, I compliment the distinguished Senator from California, the senior Senator, the assistant Democratic leader, on his statement with regard to the funding cuts that will be enforced.

I was talking only yesterday here in this spot about the cuts that are being forced by the Gramm-Rudman legislation on the Library of Congress. It has now cut its hours in the evenings. It has cut out Sundays, as I understand. There are a good many people in this area—students, scholars, scientists, whatever—who have only Sundays perhaps or some evenings in which to go to the greatest library in the world.

Education is the first line of defense. That is what I have maintained for years. I have had no one to attempt to refute that statement. I personally believe in it very strongly. Education is our first line of defense.

The distinguished Senator mentioned Japan. The Japanese are turning out half as many again engineers and scientists as this country is turning out, and they have only half the population of this country.

We marvel at the economic ingenuity of the Japanese people as demonstrated time and time gain. We are concerned because they are better than we are in manufacturing this or that and being able to sell their products at lower prices.

So for us to take actions that reduce the opportunities of scholars, students, and others to study—as I say, in the greatest library in the world, where there are resources, where there are books and other materials that are not available to our people elsewhere—it really adds up to a reduction in our defense effort. It adds up to a loss of brainpower. And it adds up, in the final analysis, to a foolish decision which impacts and will continue to impact upon the future economic and security well-being of this country. Education is an investment in the future.

I thank the distinguished Senator for what he has said with respect to the constitutional amendment. Look at what is going on right now in the Gulf of Sidra. This is a volatile situation. One of my great concerns about this amendment is that it only mentions a declared war. As we all know, we have engaged in undeclared wars, and they have been real wars, just as serious and as lethal as if the Congress had openly declared war in Vietnam and in Korea.

Suppose the Libyans sink one of our big ships. Suppose they bring about the destruction of an aircraft carrier with a lot of lives lost. I do not assume the United States would turn around and sail away. No one can predict what the monetary costs would be or what the military costs would be in terms of casualties.

Depending upon the outcome, it might very well mean that there would have to be considerable funding beyond what we expect for this fiscal year or next fiscal year. As this constitutional amendment is written, it could become an impediment to our military efforts.

It seems to me that the constitutional amendment that the Senator is talking about does not address that situation. I am more concerned about the undeclared wars than I am about declared wars.

The Senator from California may wish to respond to my comments.

Mr. CRANSTON. Mr. President, I thank our leader for his comments. He has zeroed in on two of the very important issues that relate to matters we are considering today.

Education has been cut 18 percent, Federal aid to education, in the past 5 years. We got into a 25-percent cut this year because of Gramm-Rudman and a further cut next year because of

Gramm-Rudman. We could really destroy our investment in our future, the investment that comes about through education. We would make it almost impossible to compete with Japanese and other nations economically, and we could make it virtually impossible to compete with the Soviet Union militarily. It can be very dangerous.

There are like dangers in the constitutional amendment that could hamstring us militarily, as the Senator from West Virginia pointed out, at a time of crisis, but undeclared war.

There are grave problems with these propositions that are before us. I hope that we will have an opportunity to get to them soon, rejecting the constitutional amendment, as I predict we will do this afternoon if the vote comes as scheduled at 6 o'clock, and then, if we are not stuck with debating local airports, we ought to get on with discussing the broader issue of aid to the Contras.

Mr. President, I trust that the President will not be granted $100 million right now, instantly, most of it for further military intervention that will lead us down the road eventually, almost surely, to American boys fighting in Nicaragua.

RECOGNITION OF SENATOR HAWKINS

The PRESIDING OFFICER. Under the previous order, the Senator from Florida [Mrs. HAWKINS] is recognized for not to exceed 5 minutes.

CUBA AND THE DRUG CONNECTION

Mrs. HAWKINS. Mr. President, while we wrangle day after day on whether to give $100 million in aid to the Contra forces, or $25 million, or $50 million, or so much in military aid and so much in economic aid, the sands in the hourglass are running out for the Nicaraguan "freedom fighters." Whatever hopes there are for turning the tide against communism in Central America, whatever hopes there are for putting Nicaragua on the road to democracy or improving the lot in life for the impoverished Nicaraguan people, lies with the Contras. Of the dissident elements in that troubled land, the Contras seem to be in the best hope of consolidating opposition to the Communist-led Sandinista government.

You may be sure Fidel Castro is watching the outcome of the struggle in Nicaragua with great concern. At stake is entrenchment of yet another Marxist regime in the Western Hemisphere and a vehicle for terrorism and narcotics smuggling.

Castro's game of footsie with drug traffickers is well established by this time. Cuba is a safe haven for smugglers who move in and out of Caribbean waters with their nefarious cargo bound for Western Europe and the United States. Cuba provides protection and trouble-free transit for drug boats in return for a cut of the drug profits and use of the boats to move arms to Central and South America. Cuba has trained more than 15,000 Latin Americans in revolutionary tactics and they have to be supplied with weapons and supplies to carry out terrorist acts in countries whose legitimate governments they are trying to overthrow.

Through congressional hearings, the Federal court indictment of four senior Cuban Government officials and reports by the State Department and Justice Department, Cuba's track record in drug smuggling has been well documented. The conclusions of these various sources can be summarized as follows: First, Fidel Castro's government is directly involved in the production and trafficking of drugs with the goal of promoting addiction, crime, corruption, and obtaining hard currency. Second, Cuba's drug profits are used to promote terrorism throughout the Americas. Third, Cuban intelligence operatives came to the United States during the Mariel boatlift in 1980 and set up a drug trafficking network.

Senator DENTON, chairman of the Subcommittee on Terrorism, and I, as chairman of the Senate drug enforcement caucus, held a hearing in Miami on April 30, 1983, on the Cuban Government's involvement in the international drug traffic. One of the witnesses, Mario Estevez-Gonzalez, testified that he entered the United States as part of the Mariel boatlift to infiltrate groups opposed to Castro. At the time, he was a Cuban agent. Later, he infiltrated drug dealers' rings in the Bahamas with instructions to learn how to buy and sell drugs in the United States. Estevez testified that he ran a veritable shuttle service between Cuba and the United States, taking thousands of dollars back to Cuba and returning with a fresh supply of drugs. He related that he had carried more than $2 million in drug proceeds back to Cuba.

One bizarre scheme disclosed by Estevez and confirmed by another witness at the hearing, David Perez, a Cuban-American drug trafficker, involved plans to ship 23,000 pounds of Colombian marijuana and 10 million methaqualone tablets from Cuba to Florida, with the proceeds to be split between the smugglers and the Cuban Government. Difficulties arose, with the profit potential declining, and a Cuban agent told the smugglers the loss could be covered by shipping guns from Cuba to a guerrilla group in Colombia.

The indictment of four high ranking Cuban Government officials on November 15, 1982, by a Federal court in Miami points to Cuban implication in drug smuggling at the highest levels of government. The Cuban officials named in the indictment included a vice admiral in the Cuban Navy, the former Cuban Ambassador to Colombia, and key aide, a former minister-counsel of the Cuban Embassy in Bogotá, and a ranking official of the Cuban Communist Party Central Committee, who was a senior official of the DGI, the Cuban Intelligence Service. These four were charged with a host of actions centered on importing drugs into the United States and circumventing the interdiction efforts of our authorities.

Estevez and Perez, as well as the quartet indicted, were part of the notorious, infamous Jaime Guillot-Lara drug operation. Guillot-Lara, a Colombian national, is a major trafficker of cocaine, marijuana, and methaqualone, he owned, or operated, many seagoing vessels with the capability of carrying drugs by the ton. Guillot-Lara had many friends in high places, connections which enabled him to sail his vessels directly into Cuban waters, offload the cargo into smaller boats, and take the drugs to the Bahamas. The drugs then would be transferred to speedboats for the run to south Florida. Guillot-Lara is believed to be responsible for shipping 2.5 million pounds of marijuana, 25 million methaqualone tablets, and 80 pounds of cocaine to the United States in a 4-year period, 1977-81.

Admittedly, it is difficult for our law enforcement agencies to determine exactly to what extent Fidel Castro and his lieutenants are currently involved in drug trafficking. But it would be naive to suppose they have mended their ways. It takes money to run revolutions, and there is a lot of money in drugs.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER (Mr. ABDNOR). Under the previous order, the Senator from Wisconsin [Mr. PROXMIRE] is recognized for not to exceed 5 minutes.

REAGAN RECORD ON ARMS CONTROL—"NO" EVEN TO U.S. PROPOSALS

Mr. PROXMIRE. Mr. President, hooray for Tom Wicker. And a double hooray for Paul Warnke. Wicker writes a regular column in the New York Times. On March 21 he wrote the most revealing commentary this Senator has seen anywhere on the utter futility of the Reagan administration's arms control policy. Now, Tom Wicker is a superb columnist. He is a bull dog in pursuing inconsistencies by elected officials on arms con-

trol and other matters. In his March 21 column he relied very largely on a speech recently delivered by Paul Warnke. And who is Paul Warnke? Warnke was the last head of the U.S. Arms Control and Disarmament Agency to show any genuine interest or support for arms control. In a speech in Philadelphia to a meeting of Physicians for Social Responsibility, Warnke nailed to the mast the reasons why the administration has made no progress in its more than 5 years in office in slowing or stopping the arms race.

Again and again and again an overwhelming majority of Americans have shown their support for arms control and their fervent desire for an end to the arms race. In poll after poll in every part of our country, in both political parties, huge majorities have supported proposals to negotiate arms control treaties with the Soviet Union. For example, the nuclear freeze had its strong critics. It was consistently opposed by the Reagan administration. But time after time when placed before Americans in town meetings, in statewide referenda, and in the most widely respected professional public opinion polls, it was not just supported. It was overwhelmingly approved.

President Reagan himself has frequently claimed that he favors arms control. And yet he opposed every single arms control agreement this country has ever negotiated with the Soviet Union. The President most emphatically showed his feelings with regard to arms control when he named Kenneth Adelman as head of the Arms Control and Disarmament Agency. Mr. Adelman is a responsible and intelligent man. But he has had a long and consistent record of opposition to arms control. As head of the Arms Control Agency he has maintained that record of opposition to arms control with meticulous dedication.

So what is new in the Reagan administration's faithful and consistent record of opposition to arms control while the President's rhetoric pledges vigorous negotiations with the Soviets at Geneva? The Wicker-Warnke analysis tells the shocking story. And it is a shocking story. Over and over again Gorbachev has taken proposals that our own country has initiated and agreed to accept them. And what has been the Reagan administration response? Here is the record:

First. From 1967 to 1972, United States negotiators hammered away month after month to persuade the Soviets to agree to stop the construction of a Soviet star wars or strategic defense initiative. What was the basis of the American opposition to a Russian star wars? Listen: The United States told the Russians that if they went ahead with their star wars we would not agree to any reduction in our offensive nuclear arms. After 5 years, the Russians understood the logic of the United States position. Result: The ABM Treaty which stopped the Russian star wars. So we are now making the same argument back to the Soviets that the Soviets made to us in 1968 and in 1969 and in 1970. The Soviets were wrong then. But the administration has renounced that winning U.S. position that achieved the ABM Treaty. They have adopted the losing Soviet viewpoint that makes it impossible for the superpowers to agree to limiting offensive nuclear arms. The Soviets want to continue to say "yes" to the ABM Treaty, the administration will not take "yes" for an answer.

Second. The Reagan administration has flatly and emphatically rejected the Soviet proposal for a comprehensive test ban treaty. Whose idea was this originally? Answer: the United States. The Russians have accepted the principle of onsite inspections and have said they will accept "any other form of verification." This has been the U.S. position since the Eisenhower administration. Here again, the Soviets are finally saying "yes" to the American proposal. But the Reagan administration says "no."

Third. How about the Reagan opposition against an arms control agreement to stop the race to develop and produce advanced antisatellite weapons? Was that not a high American arms control goal? It sure was. In his Philadelphia speech, Mr. Warnke recalled he was the one who led "the American delegation on the first antisatellite weapons ban talks in 1978." Warnke says that the negotiators spent a lot of time trying to persuade the Russians that they should not develop an antisatellite capability. He conluded, "Apparently we persuaded them." But now the Reagan administration opposes a ban on antisatellite weapons. Reason given by the administration: The Russians already have an antisatellite weapon. Sure they do. It is primitive and useless.

If we do not agree to negotiate an end to further antisatellite development, both sides will develop weapons that will destroy the satellites essential to arms control verification as well as the administration's own star wars. Again the administration will not take "yes" for an answer. Again, the Soviets are accepting the original American proposal. But we won't.

Fourth. It gets worse. The Russians have now accepted the prime arms control proposal of the Reagan administration itself. That is for a 50-percent cut in intercontinental strategic weapons. This was not only an American idea. It was the idea of this administration. It was a Reagan administration idea. But now the Defense Department says "nix." They say it would reduce the number of targets for the Soviets to strike. Once again, when the Russians accept our own—that is, right our own—arms control proposal, when they say "yes," we say "no."

Fifth. And then there is the "zero option." President Reagan proposed that the Russians remove all their intermediate missiles in Europe. In return the United States would eliminate its Pershing and cruise missiles in Europe. That was the Reagan proposal. In 1983, the Soviets rejected that proposition. Now Gorbachev has agreed to the Reagan proposal with two reasonable modifications. Condition 1—the British and French would not increase their nuclear forces. Condition 2—the United States would not transfer its missiles to our NATO allies. That sounded like a reasonable condition to Wicker and Warnke. It sounds reasonable to this Senator, but the Reagan response once again to the Russians "yes" is "no."

Of course, none of this repeated and consistent refusal to advance even our own arms control proposals with the Soviet Union should surprise us. President Reagan and the top arms control officials he has appointed to office have a long career of opposing arms control at every turn.

Mr. President, this is a serious tragedy. Here is why: The President of the United States is the name of the game in the progress of arms control. The Congress plays a minor secondary role. The President decides whether to negotiate at all. He and he alone determines the instructions for the negotiators. Only the President can accept or reject whatever agreement the negotiators reach.

So what does this mean for the future of arms control? This means that at least until January 20, 1989, superpower arms control will go nowhere. We live in a deadly world in which the nuclear arms race will go on and on. It will only be limited by its enormous cost. Those economic costs will be immense. The terrible danger of a superpower nuclear war will increase. We are kicking away a golden opportunity.

Mr. President, I ask unanimous consent that the column to which I have referred by Tom Wicker in the March 21, 1986, New York Times be printed in the RECORD at this point.

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

"YES" FOR AN ANSWER

(By Tom Wicker)

Has the Reagan Administration been unwilling "to take 'yes' for an answer" in its arms control exchanges with the Soviet Union? A former American negotiator, Paul Warnke, thinks so and charges that as a result the Administration may be missing an "opportunity to make very major steps toward minimizing the nuclear risks."

When, for example, Mikhail Gorbachev made public in mid-January an extensive series of arms control proposals, the U.S. response was little more than "ho-hum"—although President Reagan, to his credit, did say he found parts of the proposals "constructive." But the Administration's arms control experts saw little new in Mr. Gorbachev's ideas. The Department of Defense called them a reiteration of old Soviet proposals; others referred to a "repackaging" of Moscow's familiar ideas.

But Mr. Warnke pointed out that Mr. Gorbachev's January message actually was "a repackaging of American proposals—American ideas," and urged: "Now that Mr. Gorbachev has come around on . . . key points that we have been pushing for all of these years, let's not turn it down."

Addressing the Annual National Awards banquet of Physicians for Social Responsibility in Philadelphia, Mr. Warnke cited five of Mr. Gorbachev's points:

Restrictions on strategic defense. "Not a Soviet idea," Mr. Warnke said, recalling that from 1967 to 1972 U.S. negotiators "spent a great deal of time trying to persuade the Russians that going ahead with strategic defense was an absolutely stupid move" because it meant "there could be no reduction in offensive arms." The effort culminated in the ABM treaty because "the Soviets learned their lesson."

But, Mr. Warnke said, "we have forgotten ours. We are now making the same arguments back to the Soviets that the Soviets made to us . . . in 1968, '69, '70."

A comprehensive test ban. "Again, this is an American idea that has now been rejected" by the Reagan Administration and taken up by Moscow. The Russians have accepted the principle of on-site inspections, which the U.S. has insisted upon since the Eisenhower Administration, and "have said they will accept any other form of verification." But the Administration has not only refused to join Moscow in a moratorium on testing; it is unwilling even to enter negotiations for a test ban.

Banning anti-satellite weapons. Mr. Warnke pointed out that he "led the American delegation on the first anti-satellite weapons ban talks in June of 1978. We spent quite a period of time trying to persuade the Russians that it was a poor idea to develop an anti-satellite capability. And again, apparently, we persuaded them."

But now the Reagan Administration opposes such a ban, ostensibly because the Russians have an operating anti-satellite weapon—although it is known to be primitive to the point of uselessness. Yet, Mr. Warnke observed, the anti-satellite weapons both sides are thus permitted to develop would be able to destroy the space stations that are necessary to Mr. Reagan's proposed strategic defense.

Deep cuts. The Russians "have now accepted the idea of a 50 percent cut in intercontinental strategic weapons. That was a Reagan Administration proposal." But now that Mr. Gorbachev has read back the idea to the U.S., the Defense Department rejects it on grounds that it would "encourage instability" because it would leave "fewer targets for the Soviets to strike." So cutting in half the number of nuclear weapons on both sides is a bad idea after all.

The zero option. Mr. Reagan originally proposed this idea, too—that the Russians should remove all their European-based intermediate-range missiles, in return for which the U.S. would not deploy Pershing and cruise missiles in Western Europe. Moscow rejected the plan; U.S. deployment began in 1983, and continues.

But in January Mr. Gorbachev repackaged this idea too, proposing that the Russians eliminate their intermediate-range missiles in Europe, provided that the U.S. eliminate its Pershing and cruise missiles. He did add the conditions that the British and French not increase their nuclear forces and that the U.S. not transfer title to its missiles to its allies—"Two very reasonable conditions for a major step forward," Mr. Warnke said, and most analysts outside the Administration probably would agree.

But the Reagan men, not taking "yes" for an answer, picture all this as just the same old Soviet stuff. No wonder the latest round of arms talks has come to a fruitless, almost unnoticed end.

MYTH OF THE DAY: THE COMBAT EXCLUSION POLICY ENHANCES NATIONAL SECURITY

Mr. PROXMIRE. Mr. President, the myth of the day is that the combat exclusion policy enhances national security. I have spoken several times here on the importance of opening up combat assignments to women in the military. The first consideration in any issue of military personnel must always be national security, and, indeed, that is my primary concern. The combat exclusion policies deprive our forward battle areas of available personnel resources and limit our flexibility.

In the two decades since women have been able to serve in the military in substantial numbers, they have proven that they are capable soldiers. What is more, a greater portion of female soldiers have high school diplomas, and women pose fewer disciplinary problems. They are a valuable resource and one that we should utilize to the fullest.

I am not saying that every position should be open to every soldier. Of course no soldier should be assigned to a position for which he or she is not qualified. There are some legitimate concerns about the upper body strength of most women, for example. Jobs which require heavy lifting should not be open to anyone who could not complete the required tasks. Gender-neutral physical requirements would address this concern without arbitrarily excluding qualified candidates.

In the Marine Corps, it has been certified that female enlisted personnel are capable of completing 86 percent of Marine job skills, yet, because of the law prohibiting women from combat missions, only 18 percent of total positions are open to them. There is too wide a discrepancy between the abilities of female Marines and their utilization. We are wasting our personnel resources. Can it be in the interest of national security to exclude qualified soldiers from combat positions?

Another way that the combat exclusion policy inhibits the national defense is by lowering morale among an important 10 percent of our troops. Women have become a crucial part of our Armed Forces. The Air Force projects that female applicants will soon make up 18.6 percent of all their enlisted accessions. It is important that those women feel that they are a valued part of our armed services and that they be rewarded with ample opportunities for advancement. We owe them that. The women in the military serve our country faithfully, and, despite the combat exclusion policy, many women risk their lives each day at dangerous posts like the MX and Minuteman launchsites. They must not be treated like second-class soldiers.

The Navy determined that due to the combat exclusion policy there would not be a sufficient number of leadership positions in the future to accommodate the number of women entering the lower ranks. Consequently, they have introduced a new specialists' career path for nonwarfare personnel in the general unrestricted line classification. This alternate career path emphasizes specialty development through repeat tours in a particular field. This will enhance the career opportunities for women in specialized and high technology areas so that in the future women will be able to rise even to the rank of admiral without a warfare specialty.

I have some reservations about this alternate career path. While I commend the Navy's efforts to open advancement opportunities for women, I question whether this will be helpful to women in the military or whether it will hurt them in the long run. What value is there in being a high-ranking military officer with no warfare capacity? Will these women be as highly respected as their male peers? One young male soldier told me that he does not think it is fair for women to be able to advance to the top without sharing the same risks as men.

Dividing the military with alternate career paths is just another example of how the combat exclusion policy places elaborate and cumbersome qualifications on how we can use our military personnel. It is only right that women who devote their lives to the defense of our Nation should have adequate advancement opportunities, but the result will be a situation in which there are career Navy admirals who are not allowed to get near combat.

The bottom line is that combat is the defining role of the military, and until women can be trained in the warfare specialties their status will be that of a protected subclass. This can only lessen the esteem from their male counterparts and hurt their morale.

Using qualified female soldiers wherever they are competent to serve will be good not only for the morale of women in the military but for the cohesion and flexibility of our Armed Forces in general. In short, it will enhance our national security. Should that not be our primary concern?

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STENNIS. 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 BALANCED BUDGET AMENDMENT

Mr. STENNIS. Mr. President, as I could not be here at another time during today, I have decided to make my comments now. I wanted to say another word regarding the voting on the consitutional amendment to require a balanced budget.

I am pleased that the Senate will soon be voting on a constitutional amendment to require a balanced budget. As I see it, we simply have no other choice. We must make this directly a part of or Constitution so the people can protect themselves.

I voted for the budget bill, Gramm-Rudman-Hollings, not because I thought it was the best method, but because, as a practical matter, it was the only approach we had before us. But Gramm-Rudman-Hollings does not claim to be a permanent solution to our problem. It is only temporary. Its life, according to its own terms, is only for 3 or 4 years, which is certainly temporary. A constitutional amendment is the only way I know of that will full address this matter.

This is not a new concern of mine. Over 15 years ago, I was one of the first Senators to sponsor a similar amendment requiring a balanced Federal budget. At that time I did so primarily because I thought it made good, sound common sense, because I felt that we should manage the financial affairs of Government in the same way we manage our own.

At that time, it just seemed reasonable to me to require the budget to be balanced, except in certain limited circumstances. But now it is more than just good government. Now it is a matter of absolute necessity.

I regret that we find ourselves in a situation where we have to have such an amendment. But the record of our financial habits over the past quarter-century shows how much we need this amendment. I am not trying to blame someone else for these conditions. I was here during that period and I say that I am as much to blame as anyone else. But we have had a balanced budget only once, one time in the last 25 years—almost an unbelievable fact. In fact, in the last 38 years that I have been in this body, the Federal budget has been balanced a total of 8 years.

During this time, the Federal Government has been subjected to ever-growing demands for more and more funds from larger and larger groups. Almost every day there are different groups in my office regarding further Federal support. They have the right to come, they have a right to argue for their position, but fundamentally there are certain necessities that underline our entire system of government and demand a managed financial structure that will support our system of government and thereby afford this individual freedom to our millions and millions of people. Most of those who come in are fine people, and I emphasize they have legitimate needs. I am not finding fault with them. I just use this as a practical example of how the demands on our Government have grown.

This morning, I have attended a hearing regarding a new, expanded, additional military weapon, with vast, extensive research and development and at a huge cost. There is no firm estimate yet, but it will be added to our current military needs which now have extended beyond $300 billion per year. I cannot realize it. Right here on this floor some 20 years ago, when another Senator was ill, I handled the military appropriation bill along with several others. We wound that year up just inside of $100 billion to operate all the departments of the Federal Government, all the Federal Government, the military included. Now we appropriate the astronomical amount of $300 billion a year for the entire Department of the Defense alone. I believe something can be done and I know it must be done, if at all possible with better control, but it takes time. We must not let fear control. We must take the time and the effort and bring these matters in line.

If we do not change our ways, Mr. President, our Government will fail in a financial way and we shall lose our freedom; our debts will of necessity be left to be paid by our children, and grandchildren. We will be just like an individual or family that keeps getting more and more in debt without getting our affairs in order.

I am completely convinced, therefore, that in order to protect and save our free enterprise system, we must put definite and firm controls on the amount of money we spend each year, and we must make sure that those expenditures are directly tied to our income for the year. A constitutional amendment does just that and will continue to hold firm.

Arrangements can be made and will be made, of course, to take care of any extraordinary, extended emergency of any kind relating to the protection of our people.

A constitutional amendment by itself, Mr. President, is not enough to solve our problems. We must elect dedicated representatives who will stand firm in their commitment to carry out the amendment. I am not referring to any individual. I believe by and large we have such men and women. I know we do. We have such men and women of that character and that purpose who will to do this very thing. The constitutional amendment will arouse the people and get them and their legislators to work together and then pass and follow the course of the amendment.

So, Mr. President, I am therefore delighted that the Senate is now preparing to pass this amendment. It is long overdue. We greatly need a strong show of support so that we can then take it to the American people for their approval and for their adoption.

Mr. President, I thank the Chair and the body for this time, and I now yield the floor.

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 11:30 a.m. with statements therein limited to 5 minutes each.

JAPANESE TOBACCO MONOPOLY TREATMENT OF UNITED STATES COMPANIES

Mr. McCONNELL. Mr. President, during last year's August recess, I visited Japan to see firsthand what many of my colleagues characterized as "excessive and unwarranted protectionism by the Japanese" with respect to trade between our two countries. As Japan purchases some Kentucky burley tobacco, I had a particular interest in the operation of the Japanese tobacco monopoly, Japan Tobacco, Inc. I met with representatives of JTI during my visit, and I was assured that a market liberalization for tobacco products manufactured by American cigarette manufacturers was just around the corner. This was clearly good news for my Kentucky tobacco growers and I felt that my visit had been productive and helpful in the effort to liberalize the Japanese tobacco market.

It now appears, Mr. President, that I had obviously been mislead. JTI has succeeded in perpetuating its monopoly on the sale of cigarettes even while portraying itself to be on a massive liberalization effort. A few months ago, as foreign tobacco companies were considering introducing new cigarette brands into the Japanese market, they discovered that the Government com-

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pany had applied for Japanese trademark rights to as many as 50 foreign brands that currently are not sold in Japan. So much for market liberalization.

This is not the first time U.S. cigarette companies have been the object of dirty tricks by JTI. What is particularly infuriating about this latest scheme is that the Japanese would pass off their attempts to confiscate United States companies trademarks as simply standard operating procedure. It obviously is not. There is something that offends the basic sense of justice when a government entity would attempt to take over the trademarks of the very brands of products to which it has refused to allow equal market access.

The United States Trade Representative recently initiated a section 301 action against the Japanese because of their blatant protectionist attitude toward imported tobacco products. In response to this action, the Japanese "liberalized" their cigarette markets. Mr. President, the kinds of egregious actions to which I earlier referred are completely uncalled for in what is supposedly an improved trading environment. I call on the Japanese Government to fulfill its promise to open up its tobacco and tobacco products markets. Failure to do so will demonstrate a lack of good faith on the part of the Japanese in trying to deal with the huge trade problems which exist between our two countries.

Mr. President, I ask unanimous consent that a Wall Street Journal article entitled "Japanese Government Company Stymies Imports of Tobacco Into 'Open' Market," which more fully describes this situation, be printed in the RECORD.

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

[From the Wall Street Journal, Mar. 7, 1986]

JAPANESE GOVERNMENT COMPANY STYMIES IMPORTS OF TOBACCO INTO "OPEN" MARKET

(By E.S. Browning)

TOKYO.—In 1982, officials of Japan's government tobacco company were caught playing dirty tricks on their foreign competitors. The company president admitted that some of his employees had set up a program to tear down foreign tobacco posters and to keep foreign cigarettes—which are distributed by the Japanese company—in short supply.

The tobacco-company president apologized to Japan's finance minister, offered to resign (he was asked to stay) and said it wouldn't happen again.

Evidence has emerged that dirty tricks are continuing. A few months ago, as foreign tobacco companies were considering introducing new brands, they discovered that the government company had applied for Japanese trademark rights to as many as 50 foreign brands that aren't sold here, names such as Newport, Sterling, Dorchester, Century, even Skoal Bandits, a U.S. chewing tobacco.

By making it hard for foreigners to use these new brand names in Japan, the government company could hope to hold on to its massive market share—which amounted to 98% of all cigarettes sold. Ironically, the government company made its applications on March 29, 1985, just as government trade officials were implementing a highly publicized program to "open" the market to a variety of products, including tobacco.

The tobacco case provides a rare concrete example of how Japanese institutions sometimes can continue blocking imports for years, even after government officials have announced an end to official barriers.

"I'm convinced that Prime Minister (Yasuhiro) Nakasone really wants Japan to import more," says one foreign tobacco-company official. "Unfortunately, not everyone agrees with him.

Japan's tobacco market supposedly was freed on April 1, 1985, ending what had been near-monopoly rights for the government-owned tobacco company in a market worth $20 billion a year. Foreign concerns no longer were required to distribute cigarettes through the government company, their biggest competitor here. They were allowed to set their own prices, and plans were made to gradually lift a rule that had forbidden most tobacco stores to sell foreign brands.

William Brock, then the U.S. trade representative, hailed the new tobacco law as "a significant market opening for U.S. producers" that could "mean billions in sales."

But foreign companies realized it would take them years and millions of dollars to set up independent distribution channels to Japan's 250,000 specialized tobacco stores. Meanwhile, they had to continue using the country's lone existing tobacco distribution network, a subsidiary of the government tobacco company, Japan Tobacco Inc., or JTI.

Today the foreign makers have about 2.3% of Japan's cigarette market, up from 2% a year ago. The government still has the rest.

"It is as if Pepsi Cola were distributed by Coca Cola." says Guy Aelvoet, president of Philip Morris Inc.'s Japan subsidiary.

Perhaps the greatest shock the foreign cigarette companies have had since the market was "opened" last year was the effort to grab their trademarks.

"The filing of numerous R.J. Reynolds Tobacco Co. trademarks by JTI, as well as those of other foreign manufacturers, will raise serious concern regarding JTI's desire for fair and equal market competition," says David Guilfoile, a Reynolds official here.

"Trademarks are the lifeblood of any consumer-products company," says Joel Silverstein, who heads Brown & Williamson Tobacco Corp., Tokyo office. Mr. Silverstein says Brown & Williamson (owned by Britain's B.A.T. Industries PLC) holds Japanese rights to all his company's marks—notably Barclay, Tareyton and Newport—that JTI applied for. The trademark office claims Newport isn't owned by anyone here, but Mr. Silverstein says his company "will vigorously defend our rights to all of them in Japan.

The foreign companies admit that they are partly to blame for the problem; some of them have been slow to register trademarks. Reynolds, for instance, hadn't protected such relatively new brands as Century, Sterling and Bright. Registering new brands, says Mr. Guilfoyle, "involves filing applications in more than 130 markets world-wide, (so that) all filings can't be completed at the same time. In this case, the JTI preempted RJR filings by several months."

The government company, however, sees nothing wrong in its efforts to gain the rights to foreign brands. Officials say they may do it again.

"It isn't cheating," says Kinya Katsukawa, JTI's general manager for marketing. "This is a kind of fair business game. We aren't trying to take any discriminatory action against foreign tobacco makers." Anyone, he notes, has the right to apply for trademarks in Japan. If foreign companies didn't protect their brands here, "maybe they were idle or lazy," he says.

Shigeru Suwa, who heads the Finance Ministry office in charge of supervising the tobacco industry, says the trademark dispute is a business matter that doesn't concern his office.

One reason the Japanese tobacco market is hard to penetrate is that tobacco is a political issue here. Japan's tobacco farmers, although their numbers aren't large, have strong ties to leaders of Japan's ruling Liberal Democratic Party. By law, JTI must buy the tobacco farmers' entire output—which is the main reason it still is a government company.

Foreign companies admit that they have been slow to set up their own distribution systems and reluctant to cut their prices once they had the chance. And they acknowledge that fights over brand names, sometimes involving dirty tricks, aren't unheard of in their business. Philip Morris's Marlboro brand belongs to B.A.T in Canada, and Reynolds's Winston belongs to another competitor in England .

Philip Morris's Mr. Aelvoet recalls that when his company introduced its Merit cigarettes in Japan in 1982, it discovered that the Japanese government company owned the Merit trademark. No matter. To protect itself from just such a problem, Philip Morris already had "defensively" registered one of the Japanese company's brands-Cabin-in the U.S., Mr. Aelvoet says. The two companies simply traded.

ILLITERACY

Mr. GOLDWATER. Mr. President, I respectfully submit the following statement for the record with respect to the hearing held in the House Education and Labor Committee on the causes of illiteracy last Thursday, March 20, at the request of Senator ZORINSKY.

This hearing has already received my strong support as I was a cosponsor with nearly 30 of my colleagues on Senator ZORINSKY's amendment to DOD authorization in fiscal year 1985. This amendment was designed to identify the causes of illiteracy in the early years of education, K-3 grades. It is my firm belief that a discussion on illiteracy is without the heart of the argument if the prevention of illiteracy is not a major focus of the discussion. Unfortunately, there are over 23 million Americans who are considered illiterate. I do not deny the tremendous need for remedial reading programs to help these people. My concern is to prevent this incredible statistic from increasing by even one more American.

We cannot continue to talk about illiteracy without asking the question:

"How is beginning reading being taught in our schools?" Our young Americans start school eager and ready to learn and for many of these children the healthy spirit of adventure into the world of school and learning quickly changes. Many are labeled learning disabled and placed in classes apart from their homeroom. Parents need to question whether a child has a true learning problem or has the child been taught by an ineffective and inefficient reading program? It is one of the most baffling situations I know of that schools readily seek Federal funds for remedial programs. To my way of thinking, the need for such programs indicates a lack of success in the instructional program of the school. Now, I grant you that some students will need special assistance through a remedial program, but the percentage of students in these programs I hope would be relatively low.

For a concrete example, I give you the Gallego School in the Sunnyside School District of South Tucson in Arizona. The principal of Gallego, Mrs. Musgrave, chose to receive no Federal funds for the school. It is a K-6 basics school with an intensive phonics program for its mostly Hispanic lower socioeconomic student body. Many of the households do not have a working parent, but the school, with its dress and discipline code, are fully supported by the parents. Many of these parents, themselves, do not speak fluent english; however, they want no special treatment for themselves or their children.

Gallego uses the Iowa test of basic skills and it is No. 1 out of 16 schools in the Sunnyside District with reading, grammar, and math above grade levels in all six grades. It should be noted that there are 522 students and 22 teachers. There are no specialists on the Gallego faculty. The morning schedule is core time which translates into 3 hours of uninterrupted classroom instruction with a concentration on phonics skills in the lower grades. The phonics program of choice by the Gallego School is the Spalding Phonics Program. The teachers at Gallego were taught by Mrs. Spalding, herself. Also the Spalding Phonics Program is the program of choice of the Reading Reform Foundation of Scottsdale, AZ. I am proud to report the foundation has chapters across the country and the Scottsdale facility is the national headquarters. Each chapter has an opportunity to utilize a phonics program of their own choosing, so not every program uses the Spalding method of teaching phonics. The Spalding method has been repeatedly shown to be both cost-effective and time efficient. The cost can be considered nominal as there are few materials needed and it is easily taught to lay people as well as teachers who do not feel they can teach effectively beginning reading. One of the major functions of the foundation, founded by parents and educators in 1961, is to provide a systematic, multisensory phonics program for beginning reading instruction.

In November 1985, Reader's Digest carried an editorial on illiteracy entitled: "Why Children Aren't Reading." At the close of the editorial, as Reader's Digest is known to do, the postscript stated: "For more information about teaching reading by the phonics method," and gave the address of the Reading Reform Foundation in Scottsdale, AZ. I am told by Mrs. Bettina Rubicam, president of the foundation, a dear friend and tireless worker in the fight for literacy, the foundation received over 25,000 letters as a result of the Reader's Digest editorial. These letters had not only been sent by concerned individuals from across the country, but also from around the world. This kind of response tells me there are many individuals who are deeply concerned with the problems of illiteracy and they want to learn what beginning reading programs work. They aren't looking for gimmicks and extensive materials; just give them what works.

The Reader's Digest editorial stated a beginning reading program needs to have an intensive phonics component. The Reader's Digest phonics recommendation supported and gave credit to "Becoming a Nation of Readers: The Report of the Commission on Reading" which was sponsored by the Department of Education. This report stated in its own recommendations that: "Teachers of beginning reading should present well-designed phonics instruction." It went on to state: "Though most children today are taught phonics, often this instruction is poorly conceived." According to Richard C. Anderson, chairman of this commission, "the report contains the most thoughtful, scholarly, and comprehensive statement that has ever been made about the nature of reading and the practices in the home and the school that promote literacy."

In addition to this strong recommendation for the need for intensive phonics instruction in beginning reading programs, the Department of Education, on March 4, 1986, released its latest report entitled: "What Works: Research About Teaching and Learning." I would like to quote the section on phonics in its entirety as it gives not only research findings, but also provides important background information on how we arrived at our present reading dilemma:

> Children get a better start in reading if they are taught phonics. Learning phonics helps them to understand the relationship between letters and sounds and to "break the code" that links the words they hear with the words they see in print.
>
> Until the 1930's and 1940's, most American children learned to read by the phonics method, which stresses the relationships between spoken sounds and printed letters. Children learned the letters of the alphabet and the sounds those letters represent. For several decades thereafter, however, the "look-say" approach to reading was dominant: Children were taught to identify whole words in the belief that they would make more rapid progress if they identified whole words at a glance, as adults seem to. Recent research indicates that, on the average, children who are taught phonics get off to a better start in learning to read than children who are not taught phonics.
>
> Identifying words quickly and accurately is one of the cornerstones of skilled reading. Phonics improves the ability of children both to identify words and to sound out new ones. Sounding out the letters in a word is like the first tentative steps of a toddler: It helps children gain a secure verbal footing and expand their vocabularies beyond the limits of basic readers.
>
> Because phonics is a reading tool, it is best taught in the context of reading instruction, not as a separate subject to be mastered. Good phonics strategies include teaching children the sounds of letters in isolation and in words (s/i/t), and how to blend the sounds together (s-s-i-i-t).
>
> Phonics should be taught early but not overused. If phonics instruction extends for too many years, it can defeat the spirit and excitement of learning to read. Phonics helps children pronounce words approximately, a skill they can learn by the end of second grade. In the meantime, children can learn to put their new phonics skills to work by reading good stories and poems.

At this time, I would like to say, I do not always find myself in favor of the reports put out by the Department of Education; however, I feel compelled to commend the efforts of Secretary Bennett and Assistant Secretary Finn for these reports. I believe the reports achieved their goals of gathering pertinent and tested knowledge on education and of widely disseminating the information in laymen's terms. Now, I challenge the Department of Education as I have the Department of Defense to find waste and abuse and to stop funding programs that do not work. The American public deserves a fair return on its tax dollars. Concrete results in reading scores and a reduction in the number of children being placed in remedial reading programs would be a step in the right direction.

Our schools should not be turning out losers, but rather making every child a winner. Many of us are constantly stating how valuable our children are, but they are also extremely vulnerable. At a time when they are both young and vulnerable, it seems unfair to expect so much from them. They are repeatedly tested, but our society seems to demand these tests. Well, if we are going to test our young, at least give them a chance to succeed by using proven programs that are both effective and efficient in the transfer of knowledge. It is my hope the above reports on phonics and education and the upcoming hearing on

the prevention of illiteracy will be the necessary forces to require all local educational agencies to provide an intensive phonics component in beginning reading instruction. Our children deserve the best we have to offer. What better gift to give our young people than the ability to decode the written word.

BUDGET CUTS SHOULD NOT START WITH MILITARY

Mr. GOLDWATER. Mr. President, with the President only having the ability to control 30 percent of the money that the Congress votes to spend, it is more or less natural that one would expect the first cuts in the budget to come out of the military. The military happens to be a part of this 30 percent the President can control. He has absolutely no control over all the payments made under the welfare system, Social Security, retirement, and so forth.

Already we have heard from some of the people in the Budget Committee, Appropriations Committee, and so forth, to the effect that they are going to cut the military. I would remind them, and remind my colleagues in the Senate, that the military took over a $30 billion cut last year while we have increased other areas of expenditures that are rather questionable. The big thing I like about the Gramm/Rudman approach is its going to force, both the President and the Congress, to show a little courage relative to the budget. Anyone who thinks that the budget is going to approach balancing or that we can even meet the President's budget on the present income has another thing coming. On the other hand, who wants to raise taxes?

As chairman of the Armed Services Committee, I am, naturally, worried about the effects that the announcements made already could have upon the personnel of the armed services. Never in my life have I known such a high quality of enlisted men or officers as we now have. But let the people who apportion money or budget money start making noises like we're going to cut the retirement pay, the income, and so forth, of the man in uniform and you are going to see that standard jump out the window.

This is no time and it's not the year for the Appropriations Committee or the Budget Committee to be threatening to cut the military. If those people need a little guidance in where to cut, I suggest there are a lot of things we've been doing lately, like more money for agriculture, and so forth, that we could easily begin with. Let's preempt the use of Gramm/Rudman by showing the courage necessary to take the cuts where cuts can be made, but for safety sake and the sake of freedom, let's not start with the armed services.

I ask that two articles may be inserted in the RECORD.

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

CUTTING MILITARY RETIRED PAY—IT COULD WEAKEN OUR FIGHTING STRENGTH

In its latest attempt to play games with military retirement benefits, Congress has now painted itself into a corner where drastic action must be taken before May 1st or the Armed Forces will be forced to "lay off" 330,000 active and 176,000 reserve military personnel.

The 1986 Military Authorization Bill directed the DoD to submit legislation to achieve $2.9 billion savings by changing the military retirement system for new people entering military service. The Appropriations Bill which followed deleted the $2.9 billion from the DoD budget, but provided temporary authority to transfer up to that amount from prior year balances to cover costs incurred until Congress actually enacted retirement changes.

That relief is only temporary since the bill requires that after 1 May, the services must revert to the Authorization Act spending limits. In other words, unless Congress acts promptly, the military personnel account will be $241 million in the red for each month since the start of the fiscal year last October.

The DoD submitted its report on military retirement on schedule, but Congress has not yet acted. Unless it either enacts changes to the retirement law or lifts the cap on obligations, the services have no recourse but to separate large numbers of people involuntarily. In the Army's case, Chief of Staff Gen. John A. Wickham, Jr., reported to Congress that he would have to fire 120,000 active and 112,000 reserve soldiers. Such a loss would cripple Army readiness.

The best move Congress can make is to permit the Armed Forces to use the prior year money to cover obligations incurred during Congressional procrastination. This could be easily done by revoking the requirement that they revert to the lower authorization level on 1 May. This would eliminate the serious impairment of recruiting and retention of our Armed Forces which will almost certainly result from hasty, ill-considered legislative action.

The worst thing Congress could do is to do nothing. To allow these draconian military personnel cuts would be even more devastating than the erosion of benefits embodied in the proposed retirement changes.

CAREER VETERANS OF THE MILITARY—GRAMM-RUDMAN'S FIRST CASUALTIES

The federal district court ruling that says a key provision of the Gramm-Rudman deficit reduction law is unconstitutional came too late to aid the first casualties of the draconian budget cuts mandated for 1986 and beyond. An immediate result of the legislation passed in December is the elimination of the cost-of-living allowance adjustment (COLA) for military and other federal retirees that was to have appeared in their January 1 paychecks.

COLAs for Social Security and Veterans' disability recipients are specifically protected by Gramm-Rudman, causing the four million federal and military retired people to feel discriminated against. Adding to their frustration is the fact that the federal budget for fiscal year 1987 proposes a 3.7 percent COLA for veterans and survivors who receive their payments from the Veterans' Administration while recommending zero COLA for military retirees. If Gramm-Rudman is allowed to run its course, these COLA freezes would reduce the lifetime value of military retired pay by 20.5 percent by 1991.

The impact of the no-COLA provisions of Gramm-Rudman on present and future military retired people and their survivors is devastating. The average retired enlisted man, a Sergeant First Class with 23 years in the service, receives approximately $1,000 monthly in retired pay. Without the purchasing power protection of the COLA program, and at a minimal inflation rate of three percent per year, that would shrink to an annuity for his widow of only $270 a month in twenty years. That prospect is frightening.

These individuals and their families have paid and are still paying a high price for the privilege of serving a full career in the uniform of their country. Now it seems they are to be treated differently than other veterans with respect to cost of living adjustments to their earned entitlements.

Military retirees are veterans in every sense of the word and yet this fact seems to have been ignored by Congress. These career veterans and their survivors have earned and should receive equitable treatment with other veterans when the difficult decisions regarding federal budget cuts are being made.

CONCLUSION OF ROUTINE MORNING BUSINESS

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

METROPOLITAN WASHINGTON AIRPORTS TRANSFER ACT

The PRESIDING OFFICER. Under the previous order, the time until 12 noon shall be equally divided and controlled by the Senators from Maryland [Mr. SARBANES and Mr. MATHIAS], and the Senators from Virginia [Mr. WARNER and Mr. TRIBLE].

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, how much time does the Senator from Maryland have?

The PRESIDING OFFICER. Sixteen minutes.

Mr. SARBANES. I yield 4 minutes to the distinguished Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. RIEGLE. Mr. President, I thank the distinguished Senator from Maryland for yielding me time. I thank him for the very important, strong leadership he has given on this issue. I think it is very important that we understand what is happening here and oppose this transfer of two airports and their adjacent lands to the State of Virginia.

Now, I strongly opposed this proposal in the Senate Commerce Committee and after listening to the debate on the floor now over several days my opposition is even stronger.

There is no question but that this is an extraordinarily good deal for the State of Virginia but it is a terrible deal for the taxpayers of the United States of America. We own these assets. In a sense, it is sort of a repeat of the Conrail sale in a different form, namely unloading very valuable national assets at a fraction of their true value.

Secretary Dole has said to us that the total purchase price for the two airports if sold as this bill is recommending would be approximately $47 million but over a period of 35 years. We now know that the real value of these properties is many times that amount of money.

There is an offer floating around from a British investment consortium of $1 billion, but I think even that is understating the worth of these properties.

It is not just the two airports. The two airports are exceedingly valuable in and of themselves, but it is the adjacent land. For example, the land around Dulles which is called the buffer zone consists of 10,000 acres, and of that land, 2,000 acres are available for development. If you get into the fine print here, you will find that the best estimates are that the value per acre of that land is on the order of $100,000.

We are talking about incredibly valuable land owned by this Government and by the people of the United States which ought not be given away or sold for anything less than full, fair value, particularly at a time when we have extraordinary national deficits.

In that respect, some people think that the deficits are somehow going away magically this year, that they are self-liquidating. That is not the case.

I say to the Senator from Mississippi [Mr. STENNIS]—because he is particularly concerned about deficits, as we all are—that through the first 5 months of this fiscal year, our deficit is substantially larger than it was for the first 5 months of last year. Our deficit through the first 5 months of this year is $106 billion. Last year, through the same 5 months, it was $100 billion. So our deficit problem is more severe this year than last year. There is absolutely no justification for giving away at bargain basement prices very valuable national assets which, if they are to be sold, should be sold at full value.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SARBANES. I yield the Senator 1 additional minute.

Mr. RIEGLE. I thank the Senator.

If you read the fine print here, the covenants that would protect the disposition of the adjacent lands are not sufficient. In fact, the exact language is that the lands can be developed not just for aviation business and activities but for nonaviation business and activities that provide revenue for the airport authorities. They would be fools not to develop the land commercially. I think that there is every intent to do that over a period of time. The State of Virginia will make the windfall gain, but the American taxpayers will be the losers. There is no excuse for this. It is a giveaway of valuable national assets at a time when that is improper and the moneys are needed for the other activities of our Government.

I thank the Senator from Maryland for his leadership and for yielding the time.

Mrs. KASSEBAUM. Mr. President, as a proponent of this issue, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator is recognized for 5 minutes.

Mrs. KASSEBAUM. Mr. President, as chairman of the Subcommittee on Aviation, I support S. 1017, the Metropolitan Washington, Airports Transfer Act of 1985, a bill which will improve the facilities and management of Washington National and Dulles International Airports. I have unquestioning faith that this legislation will improve the facilities and management of Washington National and Dulles International Airports.

I think we have heard some very interesting debate on the floor over the last couple of days, and the Senator from Maryland has been very thoughtful and very persuasive in many of the arguments he has made.

The legislation is simple in concept. It proposes that the Federal Government lease National and Dulles Airports to an independent regional operating authority for a period of 35 years. It has been questioned whether we were doing it too cheaply, whether we could get a better price. Perhaps that question is open. A careful study has been made, and the proposal in this legislation is the conclusion that has been reached. During those 35 years, Congress and the administration would have the responsibility to oversee the new authority's activities, after which period ownership transfers to the authority. The administration, the airlines, and affected community groups believe this to be the best available means to achieve a stable airports operating policy, and to provide improved facilities to serve the needs of both the traveling public and the local citizens. I think this is an eminently sensible point of view. We have an extraordinary situation developing at National and Dulles, with National a high-density airport and the demands at Dulles escalating in the last year.

The problems which this legislation is intended to address are obvious to all those who use the two airports. Under Federal control, budgetary concerns have meant that improvements to the facilities—financed through the appropriations process—have been slow in coming. National is known for its traffic and terminal congestion, and Dulles has been criticized for years for its disfavored mobile lounge system, and quickly shrinking parking facilities. While any other airport in the country could easily remedy these problems with the proceeds of revenue bonds and grants from the FAA's Airport Improvement Program, National and Dulles—the only two air carrier airports owned and operated by the Federal Government—must depend on the uncertainties of appropriations.

These deficiencies are a direct result of the anomaly of Federal ownership. All other U.S. air carrier airports are operated by State or local public authorities that are best able to respond to local needs. Washington deserves the same for National and Dulles.

During the Aviation Subcommittee's hearings on this legislation, and during subsequent Commerce Committee consideration, two questions have been regularly heard. I think a brief discussion of them might allay some concerns.

First, service: Most Members are intensely interested in the amount of service to and from certain cities, from both National and Dulles. The cities an airline serves is a matter of that carrier's choice, except insofar as it may be limited by other regulations. For the most part, this issue is outside the scope of the legislation. Under the terms of the bill, however, the airports must be maintained as primary airports, meaning that there is no likelihood that they could be transformed into all-commuter or general aviation airports. Likewise, the number of operations at National, regulated by the Department of Transportation under the high density rule, would be frozen, ensuring a consistency of operations there. Although the passenger cap at National would be removed by this legislation, freezing slots at the current level, as provided in the bill, should prove to be an effective way to maintain traffic control.

Mr. President, I hope to offer an amendment later, as we proceed with this measure, in an effort to remedy the buying and selling of slot allocations, about which I have serious reservations, and I hope to address them in a way different from buying and selling.

Second, Baltimore Washington International Airport: Throughout the hearing process, the State of Maryland has argued that S. 1017 would

put BWI at a competitive disadvantage. While it is doubtful whether the bill, even in its original form, disadvantaged BWI, after the committee's action on the bill, there can be no question but that a "Level playing field" has been achieved. At the committee's executive session on the bill, Senator FORD undertook the task of assuring that BWI was protected. He proposed and the committee adopted, amendments to the bill which; first, allow BWI to join National and Dulles in the new operating authority if ever it should choose to do so; second, prohibit the cross-subsidization of National or Dulles by the other airports landing fees or parking revenues; third, greatly restrict the development of land at Dulles; and fourth, provide for an audit of the transfer cost of National and Dulles to ensure that it fairly represents their value. If BWI needed any protection other than its own strong market position—and all indications are that it is enjoying explosive growth and has more than enough traffic—these amendments would assure it.

Mr. President, this legislation would ensure that National and Dulles Airports, long subject to benign Federal neglect, will enjoy a new, stable, policy of operation, and that they will be able to finance needed improvements in the manner and at the speed they choose. This is a reasonable, long-needed plan. I think the Senators from Virginia [Mr. TRIBLE and Mr. WARNER] have made an excellent case for this legislation, which I heartily endorse, and I urge my colleagues to support it.

Mr. HOLLINGS. Mr. President, we are about to vote for the second time on the petition to invoke cloture on the motion to proceed to S. 1017, legislation to transfer Washington National and Dulles Airports to the Virginia-dominated authority. Last Friday, the Senate overwhelmingly rejected a similar attempt to limit debate by a 50-39 margin.

I applauded that vote, for it showed that this debate has been one of substance and education. When the Secretary of Transportation first unveiled her proposal to sell off the airports, I listened carefully to her. I agreed with her decision to sell Conrail to the Norfolk Southern. But shortly after I learned what this proposal entailed, I knew it was flawed and had to be rejected.

This legislation envisions taking two Federal facilities that are generating significant amounts of employment and revenue, and selling them off, all in the name of taxpayer savings. Only in the last 4 days, have the Senator from Maryland, myself, and several others begun to break down those assertions, exposing this legislation for what it really is—a "fix."

To begin with, this fire-sale, which is strongly opposed by the National Taxpayers Union, has been proven to be just that. Within days of the public learning about the undervalued sale price, a group of private investors came forward with a proposal to offer up to $1 billion for the purchase of these airports. And, from my understanding of the offer, it is not their intention to turn these airports into foreign trade zones, as this legislation would allow. Rather, they have made the commitment to operate these facilities as public airports.

In response, the Secretary of Transportation and my distinguished colleagues from Virginia have argued that increasing the sale price will only mean higher parking fees and ticket prices for airport users. I agree 100 percent with them on that score. In fact, I have been arguing that same logic for months, with respect to the cost of bonds needed to renovate the two airports.

I ask my friends from Virginia, who would pay for these bonds—some $366 million in bonds needed for just $250 million in capital development? Why the air travelers, of course. And who will pay for the $346 million revenue drain on the Treasury that those bonds will create? The very same ones the Secretary and my colleagues from Virginia are claiming to be so concerned about when it comes to increasing the sale price.

How can we consider legislation that is supposedly in the public interest, yet which is going to cost taxpayer, the traveling public, and the U.S. Treasury hundreds of millions of dollars?

As an aside, I cannot help but to ask the distinguished Secretary of Transportation—if she is so concerned about not selling these airports to private interests, then why is she giving away the landing rights at National Airport for nothing, only to allow the airlines to then profit from their sale? How can she be so concerned about maintaining these airports as public use facilities, when she is allowing the private sector to capitalize on the "slots" at those airports? This contradiction deeply concerns me, as it should my colleagues.

This costly legislation should be rejected today. I therefore strongly urge my colleagues in the Senate to join me in voting against cloture on the motion to proceed.

Mr. TRIBLE. Mr. President, at this point I yield to my distinguished colleague and chairman of the Commerce Committee, the Senator from Missouri, such time as he may require.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. DANFORTH. Mr. President, first, let me express to Senator TRIBLE my appreciation and the appreciation of the Commerce Committee for the excellent job that he has done in managing this bill.

He and Senator WARNER have been deeply involved in the bill. They have been here by the hour ever since this debate started.

I think that it is important, however, to recognize that while with the Senators from Virginia and Senator SARBANES participating at such length in this debate, it gives it a regional gloss, this is really not a regional piece of legislation at all. This is a bill which does have national concerns. We are the Nation's Capital. And we, Americans from all over the country, are dependent on good, modern, safe, up-to-date airports in our Nation's Capital.

We have now been at this debate for 5 days. I commend Senator SARBANES for an excellent job in presenting his point of view. It seems to me that after 5 days of debate the time has come to at least move on to the bill so that Senators who have concerns are able to offer whatever amendments they choose.

We have talked so much about quality of life in the Senate. We have talked so much about the difficulty we have in coming to grips with any issue. There has been 5 days now on a motion to proceed and I think that the time has come to proceed.

Mr. President, I understand the position of the Senator fom Maryland. Obviously, when there are three airports in an area, the health of one of those airports is improved I suppose if the other two falter. I think that it is clear that the other two are faltering, especially National.

I have to say, as a matter of personal use, I use National Airport much more often than I use Dulles to get to and from both St. Louis and Kansas City. The usual way to do it is to go through National Airport.

I think any Senator who has gone through National Airport, and that is all of us in the last week or two, recognizes that something is seriously wrong with that airport.

There is no airport that I know of in the country in the decrepit state that National Airport is in, and yet this is the Nation's Capital. This is where people come from all over the country, from all over the world, right into National Airport.

Mr. President, if the Senate thinks that things are going to get better at National Airport consider Gramm-Rudman. Will we in fact, as Congress, be appropriating significant sums of money in the future for National or Dulles? I do not think so.

It seems to me that the way to treat National and Dulles is the same way that every other commercial airport in the country is handled, and that is to allow local officials to assume responsibility for the airport. It is local officials who are going to care for the air-

port, who are going to modernize the airport, who are going to make sure that it is competitive and the best airport available.

So, my hope is that we would get on with this important legislation. It is important. It is not just regional legislation. At the very least, I would hope that Senators who voted against cloture on Friday would now reconsider their vote to get on with this bill, vote at least to proceed to the consideration of the bill so that those who do have concerns can offer amendments.

The PRESIDING OFFICER. Who yields time?

Mr. SARBANES. Mr. President, what is the time situation?

The PRESIDING OFFICER. The Senator from Maryland has 11 minutes and the Senator from Virginia has 5 minutes.

Mr. SARBANES. Mr. President, I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I do not know that there is any argument in the body that the airports need to be improved. When I say "the airports" I mean all three airports serving the Washington regional area: National, Dulles, and BWI.

The real question is how is that to be accomplished and on what terms and conditions and what framework.

My able colleague from Michigan earlier made a very strong point that these very valuable Federal assets are being disposed of at bargain basement prices, fire sale prices, at a time when the Federal Government needs to realize the maximum amount on its assets in order to help to address the budget situation. That is a question of reasonableness. What is a reasonable price for the disposal of these assets?

Clearly, it seems to me that the price that is involved here is not reasonable. It is really a giveaway to this authority.

Second, much has been made of the fact that this extended discussion has been with respect to the motion to proceed. I want to underscore to my colleagues why that is important. It was really indicated by the junior Senator from Virginia earlier in debate when he indicated when an amendment was offered or when the Senator from South Dakota inquired about an amendment that he wished to offer, in the response to it the junior Senator said in saying he would oppose it:

> I will say to the Senator the reason I suggested it would kill this bill is that this bill is based on a compact passed by the State of Virginia and the city of the District of Columbia that reflects this carefully crafted balance arrived at.
>
> Each of us can disagree as to what kind of representation we would want fot the various parties. But we have many different interests here. It is very difficult to reconcile those interests to everyone's satisfaction.

What we are arguing is in order to reconcile these differences, there is one crosscurrent moving through the Chamber that says from a Federal perception what is being paid is not adequate; others, who feel that the airport should in fact continue to be done by the Federal Government and financed out of the airport trust fund for the improvements where there is a very great deal of money simply being held there. There is another crosscurrent that says if you are going to transfer them, you at least ought to do it on a fair and equitable basis between the States.

I think a guiding principle should be that the Federal Government, when it takes an action with regard to the States, ought to seek to be neutral and not to advantage one State and disadvantage another. This bill clearly does that because it permits a cross-subsidy between the two airports to take place.

The PRESIDING OFFICER. The Senator's 4 minutes have expired.

Mr. SARBANES. I yield 2 minutes to the distinguished Senator from South Dakota.

Mr. PRESSLER. Mr. President, I ask unanimous consent to proceed for 2 minutes.

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

Mr. PRESSLER. Mr. President, last week I made several speeches on the need to have more Presidenital appointments to the Metropolitan Washington Airports' board of directors. I am very concerned that under the present proposal there would be five members from Virginia, three from the District of Columbia, two from Maryland, and only one appointed by the President.

The Senator from Nebraska, the Senator from South Carolina, the Senator from Pennsylvania, and I have an amendment, which other Senators are joining, which will authorize two members to be appointed by Virginia, two by the District, two by Maryland, and five by the President. The reason for this is that there is a national interest in these two airports. For example, at present a direct flight from my State of South Dakota is frequently not given prime landing time. We do not know if there will be reregulation of the airlines or what the rules will be in the future. But other States in the Union have an interest in these two airports because constituents need to come to Washington, DC, to petition the Federal Government, to petition Congress. Indeed, there are some constituents waiting to see me at this moment who traveled here to talk to me about problems facing the elderly.

But under this plan a vote of seven is required for capital improvements or increases in the annual budget. So basically Virginia and the District of Columbia or Virginia and Maryland, either one or the other, mostly Virginia, would control the whole thing.

I commend my two colleagues from Virginia because they have done an excellent job. If they succeed in passing this bill in its present form it is a great deal for Virginia. But there may be unforeseen events that occur down the road, and constituents from various States in this Union will come to their Senators and say, "Why don't you do something about this?" We will have to say we gave away all the authority, we transferred it to a metropolitan board.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. WARNER. Mr. President, will the Senator yield on my time for a question?

Mr. PRESSLER. Yes.

Mr. WARNER. I have been here with my colleague, Mr. TRIBLE, and other Senators for several days on this bill.

Now, the Senator raises a good question. My question to the Senator—let us let the full Senate turn to this bill, consider the amendments, and get right to the heart of the matter. I, therefore, ask if he could not join us on this cloture motion such that we could move to the bill?

Mr. PRESSLER. Could I ask my good friend if he would join as a cosponsor of my amendment at this point as a way of indicating the importance of getting national representation. We are seeking cosponsors. Let me say that some of the small States——

Mr. WARNER. Will that get your cloture vote?

Mr. PRESSLER. Let me say that some of the lesser populated areas in the country are struggling to get some equal treatment. It is true these big airports like the jumbo jets.

Mr. TRIBLE. Mr. President, I must regrettably reclaim my time.

Mr. PRESSLER. May I finish answering the question?

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

Mr. PRESSLER. Would he join as a cosponsor of my amendment?

Mr. WARNER. We shall discuss the amendment.

At this time, I yield to my distinguished colleague from Virginia.

Mr. TRIBLE. Mr. President, I regret I have to take back the time, but time is passing very quickly. I want to give my two colleagues an opportunity to pursue their colloquy. Let me say, Mr. President, the Senate has been treated now to 4 days of extended debate. Only a handful of Members have cared to come here and express their concerns about this measure. This legislation addresses a significant national interest—improving air transportation to our Nation's Capital.

Mr. President, it is time for the Senate to act so we can meet those needs. We cannot permit delaying tactics to deter us from achieving that goal. We cannot allow the voice of particularity to tyrannize the Senate. Several Senators have expressed their concerns—some about the price of this transaction, others about the composition of the regional board, still others about the competitive aspects in terms of the airports in our region. Those concerns can be met if the Senate will permit us to turn to a debate on the merits. Let us proceed. Let us consider the thoughts and concerns that have been raised to date.

The bill before us is a reasonable and constructive measure to ensure that we can make needed improvements at National and Dulles. Failure to proceed virtually guarantees growing inconvenience, delay, and frustration for all travelers, from Virginia, from Mississippi, from Maryland, from all the States of this great Union.

The issue before the Senate is: Will we maintain the status quo and watch these airports slowly strangle because of Federal ownership, or will we take the necessary steps to make National and Dulles modern jetports?

This is not a vote for or against one party. This is not a vote for or against one State. Rather, it is a vote to begin the process of ensuring air access to our Capital for all of our citizens. I urge my colleagues to vote to invoke cloture on this second round so we can proceed to the merits, to a thoughtful debate and discussion of the important issues before us.

The PRESIDING OFFICER. Who yields time?

Mr. SARBANES. Mr. President, what is the time situation?

The PRESIDING OFFICER. The Senator from Virginia has 1 minute and the Senator from Maryland has 5 minutes.

Mr. SARBANES. Mr. President, I yield myself 3 minutes.

Mr. President, I think it is important to understand that if cloture is not invoked, it provides the opportunity for the Secretary of Transportation then to revisit this issue with the various affected parties in order to try to work out a balancing of interests that takes care of the concerns that have been raised and diminishes the controversy that surrounds this legislation.

Mr. President, I reserve my time and yield 1 minute to the distinguished Senator from New Hampshire.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. HUMPHREY. Mr. President, I want to utter a word that I hope we will hear increasingly in this Chamber over the next several years, and that is "privatization." The proposal now before us or which would be before us if cloture is invoked is not a privatizing option. This does not involve privatization. It simply involves transferring these properties from one governmental entity, namely, the Federal Government, to another governmental entity, namely, a regional airport commission. So I think I am probably grinding an ax somewhat different than that of the Senator from Maryland.

But I want to say to those Senators, particularly of a fiscal conservative and privatization orientation, that this is not privatization. And the irony is that just yesterday an agent of the Rothschild banking interests in England extended a preliminary feeler extending a preliminary indication of interest to buy these airports; that is, this would be a sale to private parties. That would be true privatization, allowing the charging of market clearing prices and the most efficient use of valuable resources and the greatest return to the taxpayers of this country. So I urge Senators who favor privatization to vote against cloture.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. SARBANES. Mr. President, I yield myself 2 minutes.

Mr. President, I think it is very clear there are a number of crosscurrents in this body with very substantial doubts about this legislation and people come at it from differing points of view. Some do not think the Federal Government should dispose of it at all; others believe it is being disposed of at prices that are ridiculously low; others believe that if it is to be disposed of the private sector alternative should be considered; others of us have asserted very strongly that it is being disposed of in such a way it is not competitively fair as between the States. And I feel very strongly that a guiding principle at the Federal level ought to be equity and neutrality as between States and that the Federal Government ought not to take action which clearly advantages one State to the disadvantage of another when they are in a competitive posture, which is exactly what is happening here with this legislation.

Now how are all of these things going to be worked out? The Senator from Virginia has said that you cannot really change the structure because you have got, in effect, a compact with the State of Virginia and the District of Columbia and therefore you would undo it. It is almost like a treaty. You cannot amend it because the parties have entered into the treaty and, therefore, you have to go back to them.

Yes, you would have to go back and discuss it with them, and what ought to be done here is to engage in that discussion first. Given the serious questions that have been raised, given the extended difficulties Members have brought forward with respect to this legislation, it seems clear to me that what ought to be done——

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. SARBANES. How much time do I have remaining?

The PRESIDING OFFICER. One minute.

Mr. SARBANES. I yield myself the balance of my time.

Mr. President, it is clear to me, as my distinguished colleague from Maryland pointed out yesterday in the course of the debate, that the structure is not here in this legislation to work out a solution. In other words, a solution is needed. I do not quarrel with that. And we are not trying to, in effect, beggar our neighbors. We want improvements in these airports and we recognize they are necessary.

Mr. President, I reserve any time in order to yield the balance of it to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Virginia has 1 minute.

Mr. TRIBLE. Mr. President, I yield my remaining time to my distinguished colleague from Virginia.

Mr. WARNER. Mr. President, I say to my distinguished colleague from Maryland, the junior Senator, that we were together on this floor yesterday afternoon for nearly 3½ hours and I repeatedly gave you the assurances, if the Senate is allowed to turn to this bill, that we would address the inquiries, each and every one that you have raised, and in that manner the Senate can work its will and this legislation can be moved forward.

So, Mr. President, I urge our colleagues to allow the Senate now to move forward with full consideration of this bill.

Mr. President, as we prepare to vote on the question of whether or not to invoke cloture on the motion to proceed to S. 1017, I hope that Senators will closely examine the proposal to transfer the Metropolitan Washington airports to a regional authority.

Over the past several days our colleague from Maryland has time and again made points that in my judgment cloud the issue.

The most often repeated objection to this legislation by the Senator from Maryland is that this transfer is in effect a "fire sale" of the airports to the Commonwealth of Virginia.

Mr. President, nothing could be further from the truth.

First of all these airports will be controlled by a regional authority on which, even though the airports are located in Virginia, Virginians will not even hold a majority of membership. Furthermore, in order to ensure regional and national interest a supermajority vote of seven will be required to take major action such as approval

of the budget and major construction programs.

The idea that somehow Virginians would be in favor of restricting access to the National Capital is absurd. In fact, the entire reason for this transfer is to increase the ability of our airports to handle the growing demand for traveler access to the Washington, DC, area.

These airports both need major capital expenditures.

In light of our present deficit problems it is unnecessary to expect the Federal Government to take on the burden for these costs that could reach as high as $1 billion. We, in the Washington metropolitan area are willing to accept this burden in return for adequate airports, something we have been denied and will continue to be denied as long as these airports are under the control of the Federal Government and dependent on the Congress for appropriations to make capital improvements.

It would seem to me that the Congress would welcome this opportunity to turn this liability of $1 billion to the local authority.

Another point that I believe needs to be made is the fact that any increase in the price paid by the authority would decrease the amount available for capitol improvements, but it would be borne by the air traveling public. The price of flying into National and Dulles Airports would increase because these funds would have to be raised by increasing fees on air carriers using the airports.

In summation, Mr. President, the point must be made that this issue has been carefully considered by the Holton Commission as well as the Commerce Committee which voted 12 to 4 to report S. 1017 favorably. This is a good bill. It is the best way to ensure that necessary improvements to these airports can be made. It is the best way to ensure that all air travelers who wish to have access into the Washington, DC, area will have that opportunity. It is important that we agree to the motion to proceed to this bill. If Senators shave amendments we will be able to consider them once we move to consideration of this bill. I hope Senators will vote to end what has obviously been a dilatory action delaying the consideration of the airport transfer bill.

CLOTURE MOTION

The PRESIDING OFFICER. The clerk will report the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the motion to proceed to the consideration of S. 1017, a bill to provide for the transfer of the Metropolitan Washington Airports to an independent airport authority.

Bob Dole, Paul Trible, J. Warner, John East, Slade Gorton, Jake Garn, Daniel J. Evans, Jeremiah Denton, Arlen Specter, Dave Durenberger, Jesse Helms, Mark Hatfield, Nancy Kassebaum, Al Simpson, Thad Cochran, and Bob Kasten.

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on the motion to proceed to the consideration of S. 1017, a bill to provide for the transfer of the Metropolitan Washington airports to an independent airport authority, shall be brought to a close? The yeas and nays are automatic under the rule. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Maine [Mr. COHEN] is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Maine [Mr. MITCHELL] is necessarily absent.

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

The yeas and nays resulted—yeas 66, nays 32, as follows:

[Rollcall Vote No. 44 Leg.]

YEAS—66

Abdnor	Gorton	Murkowski
Andrews	Gramm	Nickles
Armstrong	Grassley	Nunn
Bentsen	Hart	Packwood
Boren	Hatch	Pell
Boschwitz	Hatfield	Pryor
Chafee	Hawkins	Quayle
Cochran	Hecht	Rockefeller
D'Amato	Heflin	Roth
Danforth	Helms	Rudman
DeConcini	Inouye	Simpson
Denton	Kassebaum	Specter
Dixon	Kasten	Stafford
Dodd	Kerry	Stevens
Dole	Lautenberg	Symms
Domenici	Laxalt	Thurmond
Durenberger	Long	Trible
East	Lugar	Wallop
Evans	Matsunaga	Warner
Garn	Mattingly	Weicker
Glenn	McConnell	Wilson
Gore	Moynihan	Zorinsky

NAYS—32

Baucus	Ford	McClure
Biden	Goldwater	Melcher
Bingaman	Harkin	Metzenbaum
Bradley	Heinz	Pressler
Bumpers	Hollings	Proxmire
Burdick	Humphrey	Riegle
Byrd	Johnston	Sarbanes
Chiles	Kennedy	Sasser
Cranston	Leahy	Simon
Eagleton	Levin	Stennis
Exon	Mathias	

NOT VOTING—2

Cohen	Mitchell

The PRESIDING OFFICER. On this vote, the yeas are 66, the nays are 32. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. The Senate is now in recess until 2 p.m.

Thereupon, at 12:22 p.m., the Senate recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. WALLOP].

BALANCED BUDGET CONSTITUTIONAL AMENDMENT

The PRESIDING OFFICER. Under the previous order, the hour of 2 p.m. having arrived, the Senate will now resume consideration of Senate Joint Resolution 225, with the time equally divided and controlled by the majority and minority leaders, or their desginees.

The clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 225) proposing an amendment to the Constitution relating to a Federal balanced budget.

The Senate resumed consideration of the joint resolution.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, the managers on each side will be here momentarily to take up the final debate on the balanced budget amendment.

Under the order, the vote should come at 6 o'clock. There may be an agreement that everybody will be present at an earlier time to move that vote up. But I doubt that we will need 4 hours for the final debate.

My understanding is that there may not be any amendments offered. The colloquy may satisfy Members on each side who have reservations.

So I know the managers will be here in the next few minutes. We can then take up that matter.

I would like, if possible, to finish the water resources bill today. We might be able to do that yet this afternoon.

Then the next item will be the Contra aid resolution.

Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time be equally divided.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. SIMON. Let me just take a few minutes to reiterate a couple of points, and let me address particularly my colleagues of the progressive bent in this body who are not sure how they want to vote on this constitutional amendment.

To those who say we should not pass a balanced budget amendment because it is alien to the Constitution, I would point out, again, it was for decades regarded as an unwritten amendment to the Constitution. Up to and through the year 1917, when we accumulated a $3 billion indebtedness, we abided by that unwritten constitutional amendment. An enterprising member of my staff, Chris Wilson, came across this quote from Thomas Jefferson.

The PRESIDING OFFICER. Will the Senator from Illinois suspend for one moment? The Chair has to ascertain who is yielding time to the Senator from Illinois.

Mr. DECONCINI. The minority side will yield whatever time the Senator from Illinois desires.

Mr. BYRD. Mr. President, under the agreement, the time is divided between the two leaders or their designees; is that accurate?

The PRESIDING OFFICER. The Senator is correct.

Mr. BYRD. I believe the managers on both sides are for the amendment, so there would need to be a designation of time to the opponents. I have no problem with that, I will yield my time on this side to Mr. DECONCINI, and I know that he will yield to those who oppose the amendment as well as those who support it. I have no question but that it will be as equal under his control as it would under mine.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. SIMON. I thank the Chair, and I thank both the minority leader and my colleague, Senator DECONCINI.

Let me read this quote from Thomas Jefferson in 1796. Thomas Jefferson wrote:

> I wish it were possible to obtain a single amendment to our Constitution. I would be willing to depend on that alone for the reduction of the administration of our Government to the genuine principles of its Constitution. I mean an additional article taking from the Federal Government the power of borrowing.

If there is one person who was the philosophical founder of our Nation—and obviously it was more than one person, but if we were to credit one person—it would be Thomas Jefferson.

Three other points very briefly. One is the redistribution effect of what we are doing right now. This year we will pay out $181 billion in gross interest. Next year it is going to be $207 billion approximately. Who pays the money? By and large, it is the working people of America. Who gets the money? By and large, it is the more fortunate economically. It is, as our colleague, Senator DALE BUMPERS, has said, the most massive redistribution of wealth in the history of humanity. We can at least slow that process down.

Second, I would say to those of my colleagues who believe that we ought to be doing more for education, for health delivery, for health research, for many things that are in great need in our Nation—job creation and other things—so long as we continue to have this massive growth of interest, we are simply not going to be able to do what we should for education, for jobs, for health research, for health delivery. The greatest growth, by far, in this Federal Government during the last 6 years has been interest payment—240-percent growth. We are at the point where we are going to double it every 4 or 5 years. And then finally I remember vividly in the Gramm-Rudman-Hollings debate many Members go up and said, "Oh, let's balance the budget, but don't balance it this way."

Here, my friends, you have the opportunity to say, on the record, we must balance the budget. We do not say how it should be done, but we just say it must be done unless there is a three-fifths vote of Congress to the contrary.

It seems to me it is eminently sound, and if there are Members of this body of either side who are still on the fence, I hope they come over to the side of fiscal responsibility. I hope they come over to the side of hope for the future of this Nation.

Two weeks ago Senator THURMOND placed into the RECORD the names of the staff members who have worked so hard on this amendment. I applaud him and join him in thanking those staff members. I extend that list of thank you's to organizations who have worked very hard on behalf of this amendment. I have several letters I would like to place into the RECORD by way of a thank you and as a memorialization of their efforts.

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

TAX LIMITATION/BALANCED BUDGET AMENDMENT COALITION,
Washington, DC, March 3, 1986.

Hon. PAUL SIMON,
U.S. Senate, Washington, DC.

DEAR SENATOR SIMON: The Tax Limitation/Balanced Budget Amendment Coalition strongly urges you to support S.J. Res. 225, as Senators DeConcini, Hatch, Simon and Thurmond propose to amend it. S.J. Res. 225, with the aforementioned amendment, would provide that outlays of the United States shall not exceed receipts unless three-fifths of the House and Senate specifically authorize such a deficit. It also will contain an essential tax limitation feature as well as an "accountability provision."

The Coalition believes that no issue is more important to the health of this country than getting our financial house in order. We believe that the time to permanently lock in balanced budgets is now.

We urge you to cosponsor and vote for this compromise proposal.

Thank you for your consideration.

Respectfully,

WAYNE H. NOLIX.

COALITION MEMBERS AS OF MARCH 3, 1986

American Bakers Association.
American Council for Capital Formation.
American Electronics Association.
American Farm Bureau Federation.
American Federation of Small Business.
American Feed Manufacturers Association.
American Furniture Manufacturers Association.
American Mining Congress.
American Soybean Association.
American Supply Association.
Amway Corp.
Armco, Inc.
Armstrong World Industries, Inc.
Associated Builders & Contractors.
Association of the Wall & Ceiling Industries, International.
Chamber of Commerce of the United States.
Chesterfield Energy Corp.
Citizens For A Sound Economy.
W.R. Grace & Co.
Independent Petroleum Association of America.
Mobil Oil Corp.
National Association of Brick Distributors.
National Association of Home Builders.
National Association of Manufacturers.
National Association of Plumbing, Heating & Cooling Contractors.
National Association of Realtors.
National Association of Wholesale-Distributors.
National Cattlemen's Association.
National Electrical Manufacturers Association.
National Federation of Independent Business.
National Small Business Association.
National Tax Limitation Committee.
National Taxpayers Union.
Potlatch Corp.
Society of American Wood Preservers.
Sterling Petroleum Corp.
TRW, Inc.
United Telecommunications, Inc.
West Central Texas Gas Association.

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA,
Washington, DC, March 13, 1986.

Hon. PAUL SIMON,
Hart Senate Office Building, Washington, DC.

DEAR SENATOR SIMON: The U.S. Chamber of Commerce strongly supports the amended version of S.J.R. 225—the balanced budget amendment to the constitution—sponsored by yourself and Senators Hatch (R-Ut), Thurmond (R-SC) and DeConcini (D-Ar).

While the Gramm-Rudman-Hollings Act will produce a balanced budget by fiscal year 1991, Congress needs permanent restraints on it's ability to engage in deficit spending. The balanced budget amendment provides a stringent check on deficit spending by requiring a three-fifths vote of both Houses of Congress to approve a specific amount of deficit spending. More importantly, the amended version of S.J.R. 225 provides a sufficient limitation on tax increases by requiring a constitutional majority to raise taxes and a roll call vote to guarantee direct accountability of members of Congress for raising taxes.

The Chamber believes that the basic prerequisite for a viable economy is a healthy incentive structure. It is an economic system that rewards work, creativity, savings and investment. This cannot be achieved with a budget policy that feeds runaway spending by putting the pinch of American workers

and businesses through rising taxation. The tax limitation feature in S.J.R. 225 provides a strong and meaningful check against tax increases.

We applaud you and your colleagues for devising a balanced budget amendment to the constitution that will put the nation's fiscal house in order, and we will devote much of our resources to assist you in securing it's passage in the U.S. Senate and the House of Representatives.

Sincerely,

ALBERT D. BOURLAND.

NATIONAL ASSOCIATION OF WHOLESALER-DISTRIBUTORS,
Washington, DC, March 4, 1986.

DEAR MR. SIMON: This afternoon the Senate will begin consideration of S.J. Res. 225, the Balanced Budget Constitutional Amendment. Senator Thurmond will offer a substitute for S.J. Res. 225 which would mandate balanced federal budgets and provide that any bill to raise revenues shall be approved by constitutional majorities in both Houses of Congress by rollcall vote.

On behalf of the National Association of Wholesaler-Distributors (NAW), its 120 member national trade associations (list enclosed) and aggregate 45,000 member companies, I urge your support for the substitute.

As you know, NAW has long believed that an amendment to our Constitution merging the balanced budget requirement with a strong tax limitation feature offers the best hope of securing a future of federal fiscal responsibility; i.e., balanced budgets produced through spending restraint, not tax increases.

However, we are convinced that S.J. Res. 225 amended is a well-balanced compromise that constitutes a sound approach for the achievement of that objective.

The principle that government should spend no more than it takes in is clearly established.

Of equal importance is the principle established in Section 2 of the substitute, that legislation to raise taxes shall become law only when absolute majorities in both Houses vote for such an increase in full public view.

Finally, the substitute provides an important measure of flexibility, preserving Congress' ability to run a deficit or increase taxes whenever the national interest compels it to do so.

Again, NAW is pleased to support this compromise and respectfully urges your support for S.J. Res. 225 amended.

Sincerely,

JAMES A. ANDERSON, Jr.,
Director-Government Relations.

NATIONAL WHOLESALER-DISTRIBUTOR ORGANIZATIONS AFFILIATED WITH THE NATIONAL ASSOCIATION OF WHOLESALER-DISTRIBUTORS

Air-conditioning & Refrigeration Wholesalers.
American Dental Trade Association.
American Jewelry Distributors Association.
American Machine Tool Distributors Association.
American Supply Association.
American Traffic Safety Services Association, Inc.
American Veterinary Distributors Association.
Appliance Parts Distributors Association, Inc.
Associated Equipment Distributors.
Associated Wire Rope Fabricators.
Association of Footwear Distributors.
Association of Steel Distributors.
Automotive Service Industry Association.
Aviation Distributors & Manufacturers Association.
Bearing Specialists Association.
Beauty & Barber Supply Institute, Inc.
Bicycle Wholesale Distributors Association, Inc.
Biscuit & Cracker Distributors Association.
Ceramic Tile Distributors Association.
Ceramics Arts Federation International.
Copper & Brass Servicenter Association.
Council for Periodical Distributors Association.
Council of Wholesale-Distributors.
National Kitchen & Bath Association.
Door & Hardware Institute.
Electrical-Electronics Materials Distributors Assn.
Explosive Distributors Association, Inc.
Farm Equipment Wholesalers Association.
Flat Glass Marketing Association.
Fluid Power Distributors Association, Inc.
Food Industries Suppliers Association.
Foodservice Equipment Distributors Association.
General Merchandise Distributors Council.
Health Industry Distributors Association.
Hobby Industry Association of America.
Independent Medical Distributors Association.
Institutional & Service Textile Distributors Association, Inc.
International Sanitary Supply Association.
Irrigation Association.
International Truck Parts Association.
Jewelry Industry Distributors Association.
Machinery Dealer National Association.
Material Handling Equipment Distributors Association.
Monument Builders of North America-Wholesale Div.
Motorcycle Industry Council.
Music Distributors Association.
National-American Wholesale Grocers' Association.
National Appliance Parts Suppliers Association.
National Association for Hose & Accessories Distributors.
National Association of Aluminum Distributors.
National Association of Chemical Distributors.
National Association of Container Distributors.
National Association of Decorative Fabric Distributors.
National Association of Electrical Distributors.
National Association of Fire Equipment Distributors.
National Association of Floor Covering Distributors.
National Association of Manufacturing Opticians.
National Association of Marine Services, Inc.
National Association of Meat Purveyors.
National Association of Plastics Distributors.
National Association of Service of Merchandising.
National Association of Sporting Goods Wholesalers.
National Association of Textile & Apparel Distributors.
National Association of Tobacco Distributors.
National Association of Writing Instrument Distributors.
National Beer Wholesalers Association.
National Building Materials Distributors Association.
National Business Forms Association.
National Candy Wholesalers Association.
National Commercial Refrigeration Sales Association.
National Electronic Distributors Association.
National Fastener Distributors Association.
National Food Distributors Association.
National Frozen Food Association.
National Grocers Association.
National Industrial Belting Association.
National Industrial Glove Distributors Association.
National Lawn & Garden Distributors Association.
National Locksmith Suppliers Association.
National Marine Distributors Association.
National Paint Distributors, Inc.
National Paper Trade Association, Inc.
National Plastercraft Association.
National Sash & Door Jobbers Association.
National School Supply & Equipment Association.
National Solid Wastes Management Association.
National & Southern Industrial Distributors Associations.
National Spa and Pool Institute.
National Truck Equipment Association.
National Welding Supply Association.
National Wheel & Rim Association.
National Wholesale Druggists' Association.
National Wholesale Furniture Association.
National Wholesale Hardware Association.
North American Heating & Airconditioning Wholesalers.
North American Wholesaler Lumber Association, Inc.

Optical Laboratories Association.
Outdoor Power Equipment Distributor Association.

Pet Industry Distributors Association.
Petroleum Equipment Institute.
Petroleum Marketers Association of America.
Power Transmisson Distributors Association, Inc.

Safety Equipment Distributors Association, Inc.
Scaffold Industry Association.
Shoe Service Institute of America.
Specialty Tools & Fasteners Distributors Association.
Spring Service Association.
Steel Service Center Institute.

Textile Care Allied Trades Association.
Toy Wholesalers' Association of America.

United Pesticide Formulators & Distributors Association.

Video Software Dealers Association.

Wallcovering Distributors Association.
Warehouse Distributors Association for Leisure & Mobile Products.
Water and Sewer Distributors Association.
Wholesale Florists & Florist Suppliers of America.
Wholesale Stationers' Association, Inc.
Wine & Spirits Wholesalers of America, Inc.
Wood Heating Alliance.

Woodworking Machinery Distributors Association.

AMERICAN MEDICAL ASSOCIATION,
Washington, DC, March 4, 1986.

Hon. PAUL SIMON,
U.S. Senate, Dirksen Senate Office Building, Washington, DC.

DEAR SENATOR SIMON: The American Medical Association strongly supports a constitutional amendment for a balanced budget.

We hope the Senate will actively consider legislation leading toward this goal and support this important step toward Fiscal integrity.

Sincerely,

WAYNE W. BRADLEY.

NATIONAL TAXPAYERS UNION,
Washington, DC, March 4, 1986.

Hon. PAUL SIMON,
U.S. Senate, Washington, DC.

DEAR SENATOR SIMON: The Senate is expected to begin debate this week on the Balanced Budget Amendment to the U.S. Constitution. A compromise between the two proposed balanced budget amendments (S.J. Res. 13 and S.J. Res. 225) that were reported by the Judiciary Committee last July will be offered.

The National Taxpayers Union, representing 150,000 members, strongly supports this compromise Balanced Budget Amendment. We compliment Senators DeConcini, Hatch, Simon, and Thurmond for working out this agreement.

The federal budget has been balanced only once in the last 25 years. Today's special interest politics make it clear that we need new checks and balances to prevent the federal government from accumulating excessive debt that threatens our nation and imposes unfair burdens on future generations. The Balanced Budget Amendment would establish, as a constitutional principal, the presumption that Congress must balance the federal budget, except in special situations. It would reestablish a direct link between spending and taxing decisions.

The compromise proposal would require a balanced budget, unless Congress, by a three-fifths vote in both chambers, authorized a specific amount of deficit spending. The proposal can be waived during a declared war. It also requires a constitutional majority vote to approve increases in revenues.

The proposed amendment would take effect the second fiscal year after ratification, or 1991, whichever is later. Faced with a constitutional balanced budget deadline which would take effect after the Gramm-Rudman-Hollings deficit reduction law expires, Congress and the President will find it much harder to ignore the deficit reduction timetable.

If a balanced budget amendment had passed ten years ago the interest payments on the national debt would have been half what they are today. More important, this country would not be transferring a massive debt burden to our children and grandchildren.

Every year we postpone action will drain more private capital away from productive investments, and put added financial strain on the federal government. We strongly urge you to support the compromise Balanced Budget Amendment to be offered by Senators Hatch, DeConcini, Thurmond and Simon.

Sincerely,

JAMES D. DAVIDSON,
Chairman.

The PRESIDING OFFICER. Who yields time?

Mr. DECONCINI. Mr. President, how much time does the Senator from Alabama desire?

Mr. HEFLIN. About 8 minutes.

Mr. DECONCINI. Mr. President, for the proponents, I yield 10 minutes to the Senator from Alabama.

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

Mr. HEFLIN. Mr. President, today I rise in strong support of the constitutional amendment to balance the budget. It would be impossible to describe the journey that has brought us to this historic vote today, but there have been many individuals who have played significant roles in developing this constitutional amendment.

I would like to commend the distinguished chairman of the Senate Judiciary Committee, Senator STROM THURMOND, for his outstanding leadership. No one has been more diligent in their efforts to bring this Nation back to fiscal responsibility. I would also like to recognize the efforts of the chairman of the Subcommittee on the Constitution, Senator HATCH, and the ranking minority member, Senator DECONCINI, for the leadership they have provided throughout the years.

I can recall nearly 8 years ago when Senator DECONCINI and I were among the first to start talking about a constitutional amendment requiring a balanced budget. It was the first bill I introduced. Senator DECONCINI was then introducing similar legislation, and he has been in the forefront of the battle for fiscal responsibility since coming to the Senate. I would also like to recognize the leadership provided by Senator PAUL SIMON. There are many others, and my failure to recognize each one should not detract from their individual contributions. This has truly been a joint effort, and one of which we can all be proud.

For much of the history of this great Nation, a balanced Federal budget was part of our "unwritten constitution." In the first 100 years of this Republic, a balanced or surplus budget was the norm. There have been periods in our history when the exigencies of war or recession have necessitated operating the budget with a deficit—but initially there were always attempts to balance the lean years with the more prosperous ones. In the past two decades, however, Americans have seen higher and higher levels of deficits, taxes, and spending. Legislators tend to look at each program separately, not realizing that every dollar appropriated becomes part of a large debt—a debt that is threatening the economic stability of our Nation.

When our Constitution was adopted, Thomas Jefferson warned, "the public debt is the greatest of dangers to be feared by a republican government." Somewhere, we have lost sight of our forefathers' admonitions.

I think that Senator SIMON's quotation of Thomas Jefferson, stating that if he could adopt one amendment it would be that there could be no public borrowing by the Federal Government, would be the best he could offer. That was an excellent quotation from Thomas Jefferson.

I am convinced that the Congress of the United States and the administration do not have the willpower to cut Government spending and balance the Federal budget without a constitutional amendment providing the discipline to do so. Maybe, as some argue, there is no need for a constitutional amendment—but the helter skelter fiscal irresponsibility demonstrated within the past 25 years indicates otherwise.

The Federal budget has been balanced one time in the past 25 years. In 1963, the national debt was $300 billion. Today, it is far larger. It has taken less than 25 years to more than triple our national debt. Currently, on an annual basis, we are operating at a deficit of approximately $208 billion. If we continue our current course, it will take less than 5 years to double the existing debt.

The Congressional Budget Office estimates the amount of interest paid on the debt held by the public, net interest, for fiscal year 1986, is approximately $139 billion. This represents about 17 percent of the unified budget expenditures.

I believe there is only one answer, a constitutional amendment. An amendment that requires two-thirds vote in each House of Congress and most importantly, ratification by three-fourths of the States of this great Nation. A constitutional amendment will truly be a united effort, bringing together a united nation. Many of my colleagues argue that if we possessed a stronger discipline then a constitutional amendment would be unnecessary. I do not disagree with the sentiment of this statement—just the reality. The problem is deeper than individual resolve. It is the institutional structure that encourages response to individual need, without counting the costs to the greater good.

I know there are those who feel Gramm-Rudman-Hollings is sufficient to address our fiscal concerns, but Gramm-Rudman-Hollings is a statutory response to a crisis that demands constitutional resolve. Gramm-Rudman-Hollings is a 5-year response to our fiscal past. It requires a zero deficit by the year 1991. A constitutional amendment will secure our fiscal future and require a balanced budget as a fiscal norm.

As I have said earlier, the first bill I introduced as a U.S. Senator was to propose a constitutional amendment

to balance the Federal budget. The amendment before us today represents years of formulation and symbolizes a bipartisan effort.

No one would claim this is a perfect amendment. It is not. But it is a reasonable amendment, and it is a sincere attempt to address the spending bias which has threatened the U.S. fiscal security from within.

During the debate on Senate Joint Resolution 225, I offered an amendment which would have permitted a waiver in the event of undeclared war. I still believe this flexibility should be part of the constitutional amendment, but I respect the opinion of my colleagues who feel Senate Joint Resolution 255 contains the necessary flexibility. I am pleased, however, that my colleagues adopted the provision requiring Presidential participation in the budget process.

I am also grateful to the principal sponsors of the amendment, Senators THURMOND, HATCH, DECONCINI, and SIMON, for responding to the concerns raised during the debate concerning the definition of some of the terms, particularly with the acceptance of the Domenici amendment, adding the word "total" before outlays and receipts in section 1. I am satisfied that such an addition did not alter the meaning of the terms within the committee report to Senate Joint Resolution 255 and I appreciate the clarification provided by the sponsors.

We will enter into the debate a colloquy which will finalize this matter during the debate this afternoon.

Mr. President, today we have a chance to turn our rhetoric into reality and to draw upon the potential of the leaders and citizens of this Nation to adopt an amendment of which we can all be proud. The States have indicated their willingness to take over this responsibility if we are unsuccessful. Thirty-two of our States have petitioned Congress under a provision of article V of the Constitution, to call a constitutional convention to consider a balanced Federal budget. With the addition of two more States, Congress will have abdicated its responsibility to another body—something which has never occurred in the history of our Nation.

I believe that a convention would be unwise and certainly would be unnecessary if this body fulfills its own duties for providing the leadership in this area.

There is little question what our responsibilities are. There is little question what the American people deserve. The only question is whether we are willing to respond affirmatively and accept, not an easy task, but a necessary task.

The vote I cast today represents not only my vote in support of this amendment, but the support of citizens from Alabama that have through the years indicated their support of a balanced Federal budget. I am proud to have played a small part in this process and I am pleased to have the chance to fulfill a pledge I made to the people of Alabama some 8 years ago. I hope that today begins the process which will eventually be about the addition of the 27th amendment to the U.S. Constitution, and a sound financial future for our Nation.

I recently found a quotation that points out where we are today: "The worst thing about history is every time it repeats itself, the prices goes up." Today, we have the chance to make our own history.

From a number of colloquys during the debate on Senate Joint Resolution 225, it is clear that revenues received by TVA from the sale of electric power are neither "revenues" nor "receipts" for the purpose of this constitutional amendment and that bond proceeds realized from the sale of power bonds are not "receipts." This is consistent with the Judiciary Committee's report on Senate Joint Resolution 225.

I think it is now crystal clear that expenditures of TVA power system funds would not be "outlays" for the purpose of the proposed constitutional amendment. The committee report clearly states that TVA's electric power program would not be covered by Senate Joint Resolution 225 because the financing of that program is the sole responsibility of its own electricity ratepayers and therefore is not part of the problem the constitutional amendment is directed to solving. It is clearly the intent to adopt this interpretation as set forth in the committee report—even if the annual budget documents show, as they do now, the difference between total power system expenditures and total power program revenues as "outlays."

Given its statutorily established self-financing basis, the TVA power program's expenditures would not be outlays under Senate Joint Resolution 225. Moreover, it would not make sense to include TVA's use of its power program borrowing authority within the scope of this constitutional amendment, since those borrowing are not obligations of or guaranteed by the United States or the taxpayers.

I think it is further clear that the language of section 1 about the increase in the "public debt of the United States" does not apply to any debt or borrowing of TVA.

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

The PRESIDING OFFICER. Does the Senator from Arizona yield for the purpose of suggesting the absence of a quorum?

Mr. DECONCINI. Mr. President, I ask unanimous consent that the absence of the quorum time be equally divided.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DECONCINI. 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. DECONCINI. Mr. President, on behalf of the opposing side of this constitutional amendment, I yield 15 minutes to the Senator from Colorado in opposition to the amendment.

The PRESIDING OFFICER. The Senator from Colorado is recognized for 15 minutes.

Mr. HART. Mr. President, each of us in this Chamber took office with an oath to uphold and defend the Constitution. That pledge obligates us to defend not just the letter of our national charter but also its intent. We are obligated to be constitutional conservatives; to conserve the spirit the framers breathed into the Constitution; to alter its principles and its purpose not at all.

I oppose Senate Joint Resolution 225, the so-called balanced budget amendment, because it defies that spirit.

Set aside the economic arguments against this resolution, as persuasive as they are. Put aside whether exact budgetary balance is the best fiscal strategy in all circumstances. Never mind that today's ruinous deficits were created by the same President who is this amendment's leading advocate. My objection is simply that this amendment violates the fundamental principles that have sustained for nearly 200 years what Madison called our "paramount Constitution."

First, this amendment is inconsistent with the Constitution's purpose. That purpose is not to dictate the hourly managment of our Government but to enshrine the larger, underlying ideals which must guide it and guide this Nation.

Chief Justice John Marshall put it best:

> A Constitution, to contain an accurate detail of all the subdivisions of which its great powers will admit, would partake of the prolixity of a legal code. It would probably never be understood by the public. Its nature, therefore, requires that only its great outlines should be marked. We must never forget that this is a Constitution we are expounding.

That concern for broad principles explains why we have amended our Constitution only 16 times since our forebears ratified its text and its Bill of Rights in 1791. It explains why only 1 of the 11 amendments adopted in this century addressed a purely substantive issue, as this proposed amendment would. And it explains why that one amendment—Prohibition—was re-

pealed 14 years later and ridiculed ever since.

Yet today's fiscal prohibitionists ignore this lesson of history. They ignore Justice Holmes' injunction that "a Constitution is not intended to embody a particular economic theory." And they propose that we plaster a temporal economic equation onto the Constitution's grand architecture of processes and rights.

Worse: The amendment's 100 or so words are a Trojan Horse for a legion of minutiae that would wage war on the Constitution's majestic simplicity. Consider all the questions of economics, accounting, budgeting, and statistics which this amendment begs. What constitutes total outlays and receipts? Should we rely on year-end totals or estimates? Whose estimates? Do those of the Congressional Budget Office overrule the Office of Management and Budget? We need to answer each of these questions and many more besides in detail to make the amendment workable. An alternative version of this amendment, Senate Joint Resolution 13, tried to grapple with just a few of these questions and, by doing so, more than doubled the number of words it proposed to add to our Constitution.

As we resolved each of these complex issues through Congress or the courts, the effect of this amendment would be to straitjacket our Constitution into an inflexible doctrine—despite changes in economic conditions or public opinion—until the end of our Nation's days. Is that consistent with the Constitution's spirit? Thomas Jefferson would have thought not; he said:

> Laws and institutions must go hand in hand with the progress of the human mind. We might as well require a man to wear still the coat which fitted him as a boy, as civilized society to remain under the regimen of their barbarous ancestors.

It is in fact one set of barbarous ancestors that seek to tie future generations to the size of the coat which fits today.

Second, the proposed amendment is directly at odds with the Constitution's doctrine of the separation of powers. It would require the abdication of legislative authority to either the executive, the judiciary, or both.

This becomes clear as we consider how the amendment would be enforced. What if Congress violated the amendment by passing an unbalanced peacetime budget? One possibility is the President would block certain Federal expenditures. The Supreme Court ruled a decade ago that such an "impoundment" process violated the Constitution's letter, and—even with this amendment—it would violate the Constitution's spirit still.

The other possibility is that the courts would be asked to rule on the constitutionality of an unbalanced budget. Suddenly, it would be up to our judges to say whether estimates of receipts and outlays were accurate; whether we must cut the budget across-the-board, or only change certain spending programs and taxes.

U.S. Court of Appeals Judge Robert Bork said, considering that possibility:

> The result would likely be hundreds, if not thousands, of lawsuits around the country, many of them on inconsistent theories and providing inconsistent results. By the time the Supreme Court straightened the whole matter out, the budget in question would be at least 4 years out of date.

There is an odd paradox here commented on by both our colleagues from the State of Washington. Many of the most bitter critics of judicial activism on social issues, such as abortion and busing, actively support this amendment, which would virtually mandate judicial activism on Federal taxing and spending.

Third, the amendment would ride roughshod over the central constitutional principle of majority rule. The Constitution hallows this principle by carefully circumscribing the occasions that require "supermajorities." It limits these to matters of highest importance, such as impeachment, ratification of treaties, overriding vetoes, Presidential succession, and the expulsion of a Member of Congress.

The proposed amendment, by contrast, would impose the highest order of supermajority—three-fifths of the whole number of both Houses of Congress—on the lowest order of fiscal detail. War could be declared by simple majority; a 1 percent increase in unemployment benefits would require greater scrutiny.

The result would be tyranny by minority. Indeed, the amendment would enable Senators representing only 10 percent of America's population to control all budget and tax policies for all Americans, as the Senator from Washington [Mr. EVANS] has commented.

Fourth, the proposal violates what constitutional scholar Laurence Tribe identifies as one of the key tests of appropriateness for amendments: Whether it is an effective and essential last resort. It is certainly not effective. The amendment could easily be circumvented through at least six major loopholes, including the use of tax expenditures, offbudget spending authority, regulatory authority, and phony economic forecasts.

Nor is this proposal an essential last resort. Its proponents claim we need the amendment to remedy the tendency of well-organized interest groups to secure Federal spending beyond what the broader public supports. But we have yet to try a simpler cure to that malady: Strict limits on campaign contributions by the "PAC's" that lobby for these vocal interest groups. Indeed, a good "first resort" would be for some of the amendment's sponsors to drop their longheld opposition to such limits on PAC's.

Ultimately, this amendment would erode Government of, by, and for the people. Those who long for the kind of responsible governance the Constitution envisioned should consider just one point: Even if Congress were to approve the amendment today, it would still await ratification by 38 States—a process that would take 2 years at a bare minimum. Thus, Congress would not need to balance the budget until at least fiscal year 1991. By then, a good many of us would be out of office and beyond the amendment's reach.

Considerations such as these prompted one Member of Congress to remark:

> The budget-balancing frenzy that has been underway in this institution for some weeks now is mainly an exercise in symbolism, political desperation, and political gimmickry.

The statement was made in 1980 by a former Congressman from Michigan named David Stockman.

Mr. President, the only real cures for today's radically unbalanced budgets are public outrage in the voting booth and political courage in Congress and the Oval Office. And, as the Federal district court recently ruled with regard to Gramm-Rudman, these are probably the only cures fully consistent with the letter and spirit of our Constitution.

Mr. President, it seems to me regrettable when a large number of Senators take the floor to say that this body and they themselves are no longer responsible; they must be placed within a constitutional straitjacket because they are unable any longer to control themselves or to say no to their constituency groups. That, indeed, is a dark day for this Republic.

From 1789 to 1981, no constitutional amendment was necessary to keep deficit spending from getting seriously out of hand. All it took was firm public and official disapproval of such spending when it was not required by economic or military circumstances. To restore that attitude today, all we need are a President with the courage to submit a balanced budget, a Congress with the courage to cut spending and restore revenues, and a public understanding that the fault for runaway deficits hardly lies in the most magnificent Constitution humankind has ever known.

The PRESIDING OFFICER. Who yields time?

Mr. DECONCINI. Mr. President, the Senator from New York has asked for some time in opposition. I yield him up to 15 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for up to 15 minutes.

Mr. MOYNIHAN. Mr. President, my distinguished and learned friend, the senior Senator from Colorado, spoke about a criterion that a constitutional scholar has set forth with respect to constitutional amendments, which is that they should be an effective and essential last resort. It is precisely to this point that I would like to speak today in these closing hours as we approach what could very well be a momentous decision. I rise to question whether we face a crisis in public expenditures that we are institutionally incapable of dealing with, and in consequence of which we need to amend the basic law of the land.

I stand to say to the Senate that this is not so. We are in the midst of a protracted fiscal crisis. It has been with us most of this decade and will be with us the rest of this decade.

But, Mr. President, it was a deliberately contrived crisis. It was a crisis created by persons knowing full well what they were doing, for the purpose of putting us into just such exercises as we have been through this last year and as we are going through this last month—a crisis to bring about a great shrinkage of American Government under the force of deliberately created budget deficits. It might have been beyond the expectations of the handful of unelected and at the time almost nameless persons who did this. It may have been beyond their immediate purpose to attain to a constitutional amendment, but certainly not beyond the scope of the enterprise they set afoot.

The situation, Mr. President, is simple. The history books will tell all about it, and there is no reason we should vote on a matter of such profound consequence without telling ourselves what we know as well. In the months of November and December 1980 and over into the early weeks of January 1981, 10 weeks, a small group of persons, who had come to the position of being responsible for the formation of fiscal policy, got together on a proposal to create a new American revolution. They used the word "revolution;" they intended nothing less. And it had two elements: First, there would be a massive reduction in the revenues of the Federal Government through the tax cut that we enacted the following July. And in order to maintain a semblance of balance, there would thereafter have to follow a massive reduction in outlays. They addressed themselves not to the inconvenience of one program or the undesirability of another. They wanted the size of the American Government radically reduced. These were radicals. They were planning a revolution. They spoke the word "revolution."

By the time they had successfully adopted their tax cut and they began to contemplate what they had done, they realized, while they were talking of shrinking the American Government, that they were also simultaneously talking of continuing a large increase in Federal outlays in defense, commended under the previous administration, and that it was difficult to dissociate the armed services from Government. For when you do, you have great difficulties in the world. They faced incredible deficits—triple-digit deficits, the first in history, nothing like it ever encountered even in the Second World War.

Now, Mr. President, a choice had to be made at that moment. The moment was literally the months of, say, November and December 1981 when the first full budget of this administration was formed. The previous President had sent up the budget for fiscal 1982, now the fiscal budget for fiscal 1983 which came to us on February 8, 1982, was being put together. They knew what they had done. They had created a triple-digit deficit. Impossible; they had overcalculated. Their revolution has gone terribly wrong, partly because the economy was moving in a different direction, but partly because four young men should not plot revolutions against the American public and its Government and its Constitution, which is how it was ending up.

And so what did they do, Mr. President? Did the administration come to us and say "we have made a bad mistake"?

They did not. They did not say the young men miscalculated, as young men will; the palace coups did not go off. Instead, they misrepresented the numbers. And history will prove it.

They sent up a budget which, I recall included an estimated deficit of $91.5 billion for fiscal year 1983; the actual deficit was $195 billion. That was the magnitude of their error.

(Mr. ARMSTRONG assumed the chair.)

By not coming forward and avowing that a great miscalculation had been made that could be fixed—it was well within our range—they decided to let the error work its way though the system. Let it press away at a kind of philistine diminishment of all the large purposes of this Government that it affects.

And if we do not recognize it as having been a bad miscalculation by a small group of punitive and self-defying revolutionaries, four people, it could easily be mistaken for an institutional crisis when it was merely a personal act of great hubris.

Let me say that the men involved were honorable men, and their views were perfectly ethical views. They did not think Government could or should do certain things. But when they withheld their purposes, their intent, and their knowledge from us, they ceased to be ethical. And beyond that, they commenced to be more than a threat to our system because they let us think that we are dealing here with an institutional incapacity to order our affairs. That is not so, Mr. President.

There are pressures. The senior Senator from Colorado spoke of the question of interest groups that repeatedly deplete the resources of this Government. I recall that he and I were on the floor discussing one of the more recent aberrations in this regard, the deficit reduction legislation that the Senators from Texas, New Hampshire, and South Carolina introduced.

We discovered, as he will recall, one merry Sunday afternoon that the stern and unyielding insistance on balancing the budget regardless of anything, and cutting whatever had to be done, such as wiping out the 6th Fleet—my heavens, where would we have been yesterday if it had not been for the 6th Fleet—somehow exempted the Commodity Credit Corporation. We said, but this does not seem to cover a large agriculture program. "Oh, yes, it does," was the response. "Well, does it?" "Well, no." "Would you mind putting agriculture in?" "Yes."

And the first time we decided to deal with the effects of Gramm-Rudman-Hollings, we changed the effect on dairy price supports because of the milk lobby and the milk PAC's. But there is no institutional crisis here.

I think the U.S. Government has run a deficit in nearly one-half of the fiscal years of its existence.

I see the Senator from Colorado.

Mr. HART. Will the Senator yield for a question?

Mr. MOYNIHAN. I am happy to.

Mr. HART. I ask the Senator as a historian of at least political American history, is it not the case that the great peaks of deficits have occurred on four occasions in the 20th century: on the occasion of World War I, World War II, the Korean conflict, and Vietnam?

Mr. MOYNIHAN. Exactly. And the other peaks have been associated with sharp economic recessions in 1975 and 1983, and the same way in the War of 1812, the Spanish-American War, the Mexican War, and of course the Civil War.

Mr. HART. If the Senator will yield further, it seems to the Senator from Colorado, the Senator from New York is making rather serious allegations here which the Senator from Colorado has no doubt he can support. And they certainly comport to the facts of the last 5 or 6 years, and the suspicions that a lot of us have had over the last 5 or 6 years of what was up. Is it not the case historically that the revolutionaries set out to change a national system or set of priorities? At the very least they announced to the populace of that jurisdiction what their intentions are if not what their methods were going to be?

Mr. MOYNIHAN. I would say in that respect, yes. We come to associate revolutionaries with a flag. So you knew where they were. We had no flag. We have no proclamation. We had nothing but conspiracy.

Mr. HART. Does the Senator believe there was ever a referendum in this country either in 1980, 1982, 1984 on this kind of revolution? Did the American people vote for this revolution?

Mr. MOYNIHAN. They voted for no such thing. They heard no such measure proposed. They were not aware when they were being put in place.

Mr. HART. One final question. How can the Senator from New York account for what he alleges to be conscious and purposeful deception of the Congress of the United States?

Mr. MOYNIHAN. I can account for it by the terror with which young men recognize what they had done, and the unwillingness of their superiors to discipline them even so.

But I will make one further point about what the Senator from Colorado makes. We have had great deficits during time of great wars. We have had sharp deficits during the time of the recessions. President Ford had a great deficit in 1975, owing to the normal working of the economy and the countercyclical mechanisms such as unemployment insurance built into the economy. We now have had a deficit without a single major military operation, and the recessions that are always associated with them—one recession to be sure. But otherwise instead of inexplicable events which can be explained if you would only face the facts. The fact is this, Mr. President, about the normal workings of our fiscal system: It is that we no longer work on an agricultural cycle of 12 months, a lunar cycle. We no longer plant in the spring, reap in the fall, and get through the winter somehow or other to get to planting again in the spring. We no longer round up the cattle and send them to Dodge City. We no longer bring in the annual crop of potatoes. We are an industrial nation. And we live with a business cycle.

Will the Senator from Arizona yield 4 more minutes to the Senator from New York?

Mr. DECONCINI. The Senator from Arizona will be glad to yield 4 more minutes.

Mr. MOYNIHAN. I thank the Senator from Arizona.

We are on a business cycle which, after many long centuries of dealing with, we have finally recognized as a normal duration, or average duration, of about 33 months.

The one last point, and I wonder if my friend from Arizona would not hear me on this, because it is a point of law, and it is with respect to the Judiciary Committee that I would address it: In the current issue of The New Republic, which he may have seen, Professor Dellinger, of the Duke University Law School, makes a very important point. I would like to ask if the Senator might not agree; that is, we are all aware that 32 States have applied for a constitutional convention, most of them with the specific proposal that the constitutional convention meet to consider an amendment to deal with the balanced budget. Several of these applications say only a balanced budget, and no other amendments of any kind.

The Colorado petition, for example, states that, "This application and request be deemed null and void and rescinded and of no effect in the event the convention not be limited to such specified and exclusive purpose."

It is my clear reading of the Constitution that it is not possible to have a convention that will deal with one amendment. Article V says that Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution or, on application of the legislatures of two-thirds of the several States, shall call a convention for proposing amendments—plural.

Professor Dellinger suggests that the applications we have received from States that have confined themselves to one amendment be returned as unacceptable and unconstitutional.

I do not ask my friend from Arizona to answer me unless he chooses, but does it not suggest to him that this is an argument that needs to be considered?

Mr. DECONCINI. Certainly, Mr. President, as the Senator from New York quoted from the article—I have not had a chance to see it—one can come to that conclusion by voting the Constitution. We have yet to amend the Constitution of the United States, as the Senator knows, through that process, so it is a little bit uncertain exactly how we would do it. We have accomplished amendments to the Constitution under this process a number of times so we pretty well know how that goes about.

It seems to me a quick answer to that is the reference to amendments in the plural could mean any number of amendments dealing with the constitutional balance-the-budget amendment. I could talk at some point that there may be two or three different amendments to the Constitution that deal with a balanced budget that would satisfy the point of the Senator from New York. That could be debated, I am sure, by the Senator from New York. But that to me is a very specific myopic point to raise today in opposition to a process that we are not following. We are following the other process to amend the Constitution.

That is all I would have to say to the Senator.

Mr. MOYNIHAN. No, it is the legislatures who shall call a convention for proposing amendments. I simply make the point that we would really, I think, be stretching the clear intention of the word "amendments" to say more than one amendment on the same subject and we do have an argument here that we think we are operating under the threat of an imminent convention. I think we are not and I hope this resolution will be rejected.

I thank the Chair for his courtesy and patience.

Would the managers allow a unanimous consent request? I ask unanimous consent that the article by Professor Dellinger be printed in the RECORD at the conclusion of my remarks.

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

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Spurred by the desire for a balanced-budget amendment, 32 state legislatures have petitioned Congress to call a constitutional convention. If these applications are valid, we are only two states short of the 34 state petitions that would force Congress to call a convention.

Congress is now taking the matter quite seriously, and is contemplating two responses. Both are inappropriate. Fearing that a convention would propose amendments on subjects other than the budget, many in Congress are inclined to have Congress itself propose a balanced-budget constitutional amendment—the course urged by President Reagan in his State of the Union address. Then there is the proposed "Constitutional Convention Procedures Act." Because the legislation holds out the hope of exerting some control over a constitutional convention by limiting it to one subject, the procedures bill is supported not only by those who seek a convention, but also by many who are wary of a "runaway" convention. In fact, neither of these steps is necessary because most of the state petitions are invalid, and impose no obligation on Congress.

This whole movement for a convention "limited to proposing the balanced-budget amendment" flies in the face of the constitutional guarantee that any properly called constitutional convention be free to set its own agenda. Those drafting the Constitution in 1787, having provided one amendment method (proposal by Congress and ratification by state legislatures), wanted an additional guarantee that amending the Constitution wouldn't be dependent on the will of Congress. On the other hand, many delegates, including Alexander Hamilton, feared giving state legislatures the power to both propose and ratify amendments. The Constitution thus provides an alternative: "on application of the Legislatures of two-thirds of the several States," Congress "shall call a Convention for proposing Amendments." The very essence of this convention is that it is free of the control of both Congress and the state legislatures.

If a constitutional convention would in fact be free to determine what amendments to propose, what is the status of the pending state applications, which are based upon the erroneous theory that there can be a "limited" convention shackled in advance?

The short answer is that almost all the applications, by their own terms, self-destruct and impose no obligation upon Congress.

These applications were passed by the state legislatures after they were incorrectly advised that a convention could and would be narrowly limited. Fortunately, many state legislatures were careful to state explicitly in their applications that they desired a convention only if it could be limited to voting on a precisely worded "balanced-budget amendment." Twenty-three states specified that they seek a convention limited to the purpose of considering a particular amendment. Eleven states went further, insisting that their applications not be counted toward the calling of a convention if it would have the authority to propose an amendment that varied from the one described in the applications. The Colorado petition, for example, states that "this application and request be deemed null and void, rescinded, and of no effect in the event that the Convention not be limited to such specific and exclusive purpose."

The proposed procedures legislation simply ignores these state legislatures' demands. The bill would allow the convention to propose any amendments that generally addressed whatever broad "subject matter" Congress had defined. (If the procedures legislation had purported to limit a convention to a single amendment, as these state legislatures required, the current count of applications would be nowhere near 32, since different legislatures proposed different amendments.) Convention proponents are now subtly expanding the permissible scope of a convention to include such "budget" matters as federal funding of abortion. What about the state legislatures' requirement that their applications be deemed null and void if a convention can go beyond the particular amendment they specified? Convention proponents now say that this legislative language is mere "surplusage" and should be disregarded by Congress.

It is ironic that those who speak so warmly of the states' role in a constitutional convention would have Congress flatly ignore the state legislatures' express language in order to come up with an inflated count of valid applications. This constitutional "bait-and-switch" scheme should be treated by Congress as a sham, not as a serious call for a constitutional convention.

Virtually everyone—supporters as well as opponents of a convention—now concedes that it would be either impractical or unconstitutional to limit the convention to one proposal. Many state legislatures have clearly instructed Congress what to do in this event. Congress should respectfully return to the state legislatures any petitions that call for a convention shackled by constraints that are beyond the power of Congress to impose. Congress may then consider the balanced-budget amendment wholly on its own merits.—WALTER DELLINGER

Mr. GORTON. Mr. President, will the Senator from Arizona yield?

Mr. DECONCINI. May I ask the Senator how much time he wants? I have to balance the time among the opponents.

I would be glad to yield to the Senator from Washington for no more than 10 minutes in opposition.

Mr. GORTON. Mr. President, when the debate on Senate Joint Resolution 225 began, my comments on two separate occasions related to objections to the substance of the proposal, most of which still are valid and all of which resulted in discussions with the sponsors of this proposal here, on the floor. I do not intend today to reiterate those objections other than to state that in my own view, they remain valid, but I do want to add to the list an objection which has developed in the course of the process by which we have arrived today at a final vote on Senate Joint Resolution 225. That additional objection is to the process itself.

During the course of the past month, we have debated the wisdom of amending the Constitution of the United States, the most fundamental of our laws, the consideration of which is an awesome responsibility, as if we were dealing with nothing more harmful than a sense of the Senate resolution.

We were first presented with two distinct resolutions from the Judiciary Committee. Next, we were told that there would be a consensus amendment melding the two into one. After that, we adopted a one-word change to accommodate the concerns of a single Senator. Then we adopted a provision imposing a new obligation on the President of the United States.

When we had completed considering that amendment, we added an implementing provision; and finally, at the behest of the distinguished present occupant of the chair, a proposal on an entirely different subject, the method by which we increase the debt limit of the United States.

We have before us as a result, Mr. President, something which can be described no more eloquently than as a cut-and-paste project. In short, the opponents of the substance of the amendment have had to spend as much time trying to ascertain its content as they have in addressing the profoundly important constitutional questions about whether or not this should be a part of our fundamental law.

Compare, Mr. President, the elegant and general language of the Preamble to the Constitution adopted in 1787. Compare the direct and specific language of article I. Compare the soaring policies adopted by Congress in the 14th amendment.

Mr. President, when we look at the balance of the Constitution, we should be embarrassed even to suggest to the citizens of this Nation that we take the notion of amending the Constitution so lightly that we are content to make up that amendment as we go along. Apparently, however, we are not easily embarrassed, for this evening, we are about to vote on a proposed amendment to the Constitution of the United States which no Member had ever seen prior to the adoption of the final amendment to this proposed amendment, a proposal which has never been considered by the Judiciary Committee of the Senate of the United States in anything like its current form, an amendment with respect to which we have received no testimony from learned academics with regard to its consequences. I might add parenthetically, Mr. President, that the fact that parts of this amendment may have been reviewed by the committee or by academics as independent provisions is not a sufficient answer to this concern. We are all aware that a combination of the various provisions may in and of itself have unintended consequences.

In conclusion, Mr. President, the Constitution of the United States is the embodiment of the most enduring constitutional principles of our people, our Government, and our common experience. The Constitution is no place for congressional graffiti. This proposal should be emphatically rejected.

Mr. DECONCINI. Mr. President, I suggest the absence of a quorum and that it be equally divided.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. METZENBAUM. Mr. President, I ask the Senator from Arizona for about 15, 20 minutes.

Mr. DECONCINI. Mr. President, I am more than pleased to yield some time to the Senator from Ohio. I have promised the majority leader to save 15 minutes for him, so if the Senator would be satisfied with 15 minutes at this time, I think we will balance out the time.

Mr. METZENBAUM. No problem.

Mr. DECONCINI. I so yield 15 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, I thank the Senator from New Mexico.

Let us be straight about this proposal. It is a gimmick. It is the free lunch proposal. Vote for the balanced budget Constitutional amendment and then you do not have to stand on the floor, in committee and vote to cut back on spending or do whatever is necessary as pertains to revenue. This is a fraud on the American people. It sounds good but it is not that good. In fact, it is not any good at all. The President, I am afraid, has used it to hide the facts and Members of Congress have done the same. It is an excuse for not doing our job.

Now every Member of the U.S. Senate can vote for the constitutional amendment today and go home and tell your constituents you balanced the budget. The very same people who

are on the floor arguing for the constitutional amendment are the people who refused to vote for the proposal of the Senator from New Mexico, Senator DOMENICI, chairman of the budget Committee, to save $40 billion, $40 billion in conformity with the Gramm-Rudman Act.

Now, I did not vote for the Gramm-Rudman Act. I do not think it is good legislation, but I think as long as it is the law we have an obligation to comply with the law. The principal sponsors of this amendment had an opportunity to vote to conform with that law, to really do something about balancing the budget and they did not do that.

You can tell the people of the country you have solved the Nation's problems without cutting spending or raising taxes $1; just vote for the constitutional amendment. You do not have to emphasize the fact that it will not take effect until 1991 and you do not have to tell them either that there is no way to make it self-enforcing. You do not have to tell them that most of the Members of this body originally voted so that the President would not have to comply with the constitutional amendment to submit a balanced budget. Do not tell them that, because the very next day you turned around in order to buy some votes and unanimously agreed to accept the very amendment that you had refused to take of mine the day before.

Do not tell them those kinds of details. Tell them that this proposal is a free lunch. Tell them it is something for everybody and that nobody pays.

Members of this body, let us quit kidding the public. We are playing games with the Constitution to avoid doing that which we should be doing. Today is a perfect example. We put off a vote on the budget resolution because it is painful and because the President does not like it. It is going to make some people mad, but it is responsible. It makes a difference now and we put off that vote and vote on this gimmick instead.

I walked into the Finance Committee hearing this morning. It is interesting what is going on over there. The very same people who are going to come on the floor and vote to balance the budget are refusing to bite the bullet when it comes to closing tax loopholes. No; they would rather play the games that they do in the Finance Committee so that people do not have to pay the taxes who have the money in this country and see to it instead that somehow we pass a broad-based tax to increase the cigarette taxes, increase liquor taxes—"Pass it on to the little guy; he won't know the difference. He doesn't have any high-paid lobbyist down here; he or she don't have any PAC's to contribute funds to campaigns."

I can understand how much of the public supports this proposal. It sounds good. They have been told for years that it is the solution. They have been led to believe it really requires a balanced budget, that it really is workable. But they have not been given the facts. I remember that old TV program where one of the characters used to say, "Just the facts, just the facts."

Well, the facts are that the balanced budget constitutional amendment will not balance the budget. We will balance the budget when the Members of the U.S. Senate and the U.S. House of Representatives do that which they ought to do under the law. They ought to meet their responsibilities.

There comes a time when Members of Congress who do know the facts have to vote for what is responsible even if the polls go the other way. This is one of those times. I ask my colleagues, do you really believe it is responsible to add this to the Constitution? Do you really believe it is right to put this country in a constitutional straitjacket and risk the financial integrity of the Federal Government in order to go home and tell your constituents you did something about the deficit?

You have heard the debate. You know the flaws in this amendment. It does not really require a balanced budget at all. If Congress does not have the political will to do what is responsible, it can get out of it with a 60-percent vote.

It will not work during a recession because it risks economic disaster if we try to balance the budget at those times. It will not work when we have a military emergency without a declaration of war. We are risking putting this country in a situation where we cannot fund our Armed Forces in an emergency. It uses the Constitution to set economic policy. The Constitution sets out our basic principles for how our Government works. It protects our most precious liberties. It is an affront to the dignity of the Constitution to clutter it up with a particular set of budget and spending rules.

Now, the original version of the amendment was bad enough. Now it has been modified to include a provision that creates a direct threat to the ability of the Government to function, a requirement for a three-fifths vote to raise the allowable debt level. Let me quote the principal sponsor of this legislation, the distinguished Senator HATCH, who is a friend of mine, from Utah. This is what he said about it in 1982. He said this type of amendment would be "totally inconsistent with sound and responsible countercyclical economic policy and require taxes to be raised in the face of a recession or depression."

Said he, "If the Armstrong amendment is adopted, then Congress really has only one choice and that is to increase taxes because it will take three-fifths of the membership of both Houses to lift the debt ceiling." And the distinguished chairman of the Senate Budget Committee said at that time, "In this constitutional amendment, one vote more than 50 percent is necessary in order to raise taxes. Under the Armstrong amendment," said Senator DOMENICI, "three-fifths of the Members of each body would have to vote to increase the debt limit."

Mr. EVANS assumed the chair.

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

Mr. METZENBAUM. "I shall tell my colleagues what that is going to do. If that is built into the organic law, we are going to raise taxes every time because we are not going to get the three-fifths vote to raise the debt ceiling."

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

Mr. METZENBAUM. "So we will do the easier thing; we will vote to raise taxes."

I say to my very good friend from Colorado that just as soon as I finish these eloquent remarks, I will be very happy to yield for a question from him.

Mr. ARMSTRONG. Mr. President, with that understanding, I shall resume the dais, but before the Senator leaves the Chamber, I do have a brief question which would not take over 10 seconds to propound and just let the Senator answer.

Mr. METZENBAUM. The Senator has my word and I will be here for just such purpose.

Mr. ARMSTRONG. In fact, if the Senator will do it now I can dispose of it.

Mr. METZENBAUM. I will be happy to.

Mr. ARMSTRONG. My question is, in light of what he said, did the Senator from Ohio vote for the Armstrong amendment?

Mr. METZENBAUM. I certainly did not. Excuse me.

Mr. ARMSTRONG. I believe the RECORD will show that the Senator voted for the amendment which he is so earnestly criticizing—not once but twice.

Mr. METZENBAUM. In 1982, I did vote for it because——

Mr. ARMSTRONG. Twice.

Mr. METZENBAUM. Because we knew then——

Mr. ARMSTRONG. Two times.

Mr. METZENBAUM [continuing]. That it was a killer amendment and that if the amendment was adopted the constitutional amendment was going to be defeated. And that was a very low price to pay in order to defeat the constitutional amendment. And I hope——

Mr. ARMSTRONG. I thank the Senator for yielding.

Mr. METZENBAUM [continuing]. That is also a killer amendment in this instance.

Mr. HATCH. Will the Senator yield for just one moment?

Mr. METZENBAUM. Mr. President, without losing my right to the floor, I will yield for a question.

Mr. HATCH. The Senator is willing to do anything he can think of to win.

Mr. METZENBAUM. The Senator asked me to yield for a question, not a speech.

Mr. HATCH. I just wanted to compliment the Senator for his tenacity and using any tool, no matter how bad it may be, to win on his side.

Mr. METZENBAUM. Mr. President, the fact is that this amendment can grind the Government to a halt: Everything from Social Security checks to weapons procurement to insurance claims for bank deposits to farm loans, to TVA loans—to everything.

If the money is not there—and there is a good chance that it will not be there on some particular occasion—then you just cannot go forward with the operation of Government, unless you have a three-fifths vote or you pass a tax increase.

Let me give an example. Let us assume that TVA decides that it is going to add to its facilities and spend $400 million and that it is in the process of building. Those moneys will be on an outgoing basis. The new moneys cannot come in until such time as the new construction is completed. They need to borrow more money. The moneys have run out. We have reached the debt limit, and you cannot do anything about it without a three-fifths vote in the Senate. As a matter of fact, you cannot do anything about it if a bank comes along and says: "Look, we insured a student loan, and now we would like redemption."

The Government says: "We don't have the money."

The bank says: "Next time, go to somebody else. I don't want to do business with you."

Or, maybe it has to do with the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. They have some bad economic times, and they come to the Government for the money and you cannot get the money. Under the advice we have received from the Office of Management and Budget, we would not actually learn when the trigger had occurred, when there was not going to be sufficient money, until 24 days before the end of the fiscal year. If there were a $50 billion shortage at that time, somehow that money would have to be found. You could not cut expenditures by that amount, and there would be no alternative but to increase taxes.

I think everybody who votes for the constitutional amendment ought to understand that they should stand very proud, they should stand tall, because they have had the courage to come on the floor and vote for an indirect way of raising taxes. Senator HATCH said that. Senator DOMENICI said that. This ought to be called the "increase your taxes by a backdoor route constitutional amendment." That is exactly what is involved.

In order to raise the debt limit, it takes three-fifths. In order to have an excess over the revenues—excess of expenditures over revenues—it takes three-fifths. But if you want to raise taxes, it takes only 51 votes.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. METZENBAUM. Mr. President, I ask the distinguished manager of the bill for another 5 minutes.

Mr. DECONCINI. I yield 5 additional minutes to the Senator.

Mr. METZENBAUM. Mr. President, this debt limitation provision amendment takes all flexibility out of the proposed constitutional amendment. It creates a set of circumstances under which the Government could default on its own obligations to creditors. It casts a cloud of doubt over the financial integrity of the United States, something that the financial markets all over the world depend upon.

Adopting this amendment is the equivalent of cocking a gun and pointing it at ourselves. At some point, it will go off, and we will have ourselves to blame.

The argument is made that the States have a balanced budget; why can't the Federal Government?

That is an absurd argument, because it is not in accordance with the facts. There are two reasons. First, the States have two separate budgets. They have a regular budget having to do with income and expenditures, and they have a separate budget having to do with capital budgets. The Federal Government has no capital budget. In fact, of $249 billion in State spending in 1980, $106 billion, 43 percent, was off budget spending, and local and State debt grew $200 billion for 1980 to 1984. So the argument about the fact that the States have it and they are able to balance their budgets tells not half the story; it tells about 25 percent of the story. The States are able to live with balanced budget amendments because they do not really have to balance their budget.

Second, the States do not have the responsibility of preventing this country from going into a full-scale depression or going into an undeclared war. If we are in a recession or in some military engagement without actually being at war, the States do not cut taxes or increase spending to put the economy back on track; nor do they take any other action when such an occurrence would occur. But the Federal Government, in such an instance, has to do just that.

We have all voted for tax cuts or spending increases as a way of getting the economy going. It would be foolish not to. No one would now seriously advocate attempting to balance the budget in a serious recession because it would throw millions of people out of work. This responsibility to get the economy moving is a national one; only the national Government can do it.

All of us know we have let this country drift into a financial crisis over the past 5 years. We have continued to run up the tab, and we have not had the guts to pay for it. We are like children who only want dessert. We want the good things, but shun the painful and necessary.

It is time to start acting responsibly. This amendment is unworthy of the Constitution. It is unworthy of the U.S. Senate. It is unworthy of the American people.

Let us put it behind us and do the hard work that has to be done. Let us not inflict this fraud on the American public.

(During Mr. METZENBAUM's remarks the following occurred:)

Mr. HATCH. Mr. President, I ask unanimous consent that as soon as the distinguished Senator from Ohio is finished with his statement, Senator DECONCINI be permitted to take the floor, and I yield such time as he shall yield from our side; and immediately after he speaks, I yield such time as Senator EVANS needs, as long as it does not exceed 15 minutes, from my side.

The PRESIDING OFFICER (Mr. ARMSTRONG). The Chair points out that the Senator from Arizona and the Senator from Utah control the time.

Mr. HATCH. The Senator from Arizona's time is almost up, and I have to leave the floor briefly.

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

Mr. EVANS. Mr. President, a parliamentary inquiry. How much time has been assigned to each side, and how much time remains on each side?

The PRESIDING OFFICER. Each side began with 2 hours. At this moment, the Senator from Arizona has remaining to him just under 53 minutes, and the Senator from Utah has slightly more than 105 minutes.

Mr. EVANS. I thank the Chair.

The PRESIDING OFFICER. The Senator from Ohio has the floor and may continue.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that all the remarks having to do with the unanimous-consent request be included in the RECORD at the conclusion of my remarks.

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

(Conclusion of earlier proceedings.)

The PRESIDING OFFICER. Who yields time?

Mr. DECONCINI. Mr. President, as usual the Senator from Ohio has made an outstanding statement. He and I agree on many issues, yet I regret to say that this is not one of them. I think this balanced budget constitutional amendment is long overdue.

Mr. President, as we wind down the debate on this issue, there are many people who have done a great deal and deserve recognition. The Senator from South Carolina, Senator THURMOND, and his staff, Joe Buzhardt, have worked long and hard. Senator THURMOND has been here many years, long before this Senator came to this body, and it is a great joy for him, I am sure, to see this vote, after the many years he has put in it.

Of course, the Senator from Utah, whom I have already praised, and Randy Rader of his staff are to be commended for their diligent work that they have continuously done and are doing right now as we attempt to move toward a vote.

The work that the Senator from Illinois and Laurie Westley of his staff have done really contributed a great deal to bring this together in a most scholarly way.

And as the Senator from Alabama pointed out a few minutes ago, he and I have been working on this since the day he came to the Senate. He introduced an amendment I think the same day I did. We have since joined together on this issue. And Karen Kremer of his staff has worked so well.

George Pieler, of the majority leader's staff, has worked with us as has the majority leader who has spent hours and hours both on the phone and traveling around this country in behalf of the constitutional amendment.

Without Bob Feidler on my staff we could not have possibly taken this to successful conclusion in 1982. Hopefully we will do so again today with Bob's assistance and that of Tara McMahon also with us this year who has worked long and hard on this issue.

There are so many groups who have been behind this effort, the National Taxpayers Union, the National Tax Limitation Committee, the National Realtors, the National Home Builders and many, many others.

There are people to be thanked for the time and I understand, of course, President Reagan has been a strong supporter of this and recently has been involved as he was in 1983 of attempting to persuade some people.

Just under 200 years ago, in 1789 when the Constitution was adopted, Thomas Jefferson warned us. The Senator from Illinois quoted him just recently as did the Senator from Alabama. Jefferson said:

The public debt is the greatest of dangers to be feared by a republican form of government.

As in so many other things Jefferson spoke and wrote of—he was absolutely right.

I think it is important to be blunt today. We are here today considering an amendment to the supreme law of the land, the Constitution, because a sizable number of this body feel that a very real danger to our existence as a free and prosperous country exists. The threat comes not from Soviet missiles or Libyan terrorism, but from a monstrous Federal debt that could economically crush this and future generations.

We are not Pollyannas crying "wolf." The House of Representatives has pending before them a constitutional amendment with over 220 cosponsors, more than half of that body. The States have recognized the danger and 32 of the required 34 States have made application to Congress, under article V of the Constitution, to convene a second constitutional convention to consider the issue of a balanced budget amendment. The people of the United States, 73 percent of them, rate the Federal deficit as the No. 1 economic problem in this country; a recent survey showed that 90 percent of the people surveyed felt the accumulation of debt, as we know it, was morally wrong to pass on to future generations. Boy, are we doing it in grand style.

Our debt now exeeds $2 trillion, and even by the time of Gramm-Rudman and if it is completely implemented with the targets, it would be close to $2.5 trillion. Gross interest alone on the debt is estimated at just under $200 billion for fiscal year 1986. This is more than the entire budget was in 1970. It is the third largest item in the budget today. It represents 98 percent of all OASDI payments. It represents a charge of $3,290 for a family of four. It represents 59 percent of all tax revenue. In sum, it represents a potential disaster. That is the interest on this $2 trillion debt.

We are here today facing a vote in just a few hours on whether to add an amendment to the Constitution. In the past 195 years we have found it necessary to make only 16 amendments to the original Constitution and the Bill of Rights. We find ourselves in the position we are in today because as a Government we have failed the people of this country. Despite our best efforts in this body, despite the good intentions of so many Members of Congress, and despite the high expectations and glowing predictions of past and present Presidents, we have a Federal budget that is utterly out of control and serving as a drag to all sorts of potential economic initiatives in our land.

We have gotten into this mess because we have not had the willpower to say "no" when constituents and interest groups have come to us with requests, good requests for the most part. These requests are not bad or phony requests—a new veterans hospital is needed and we should do something about it; a school for Indian children is necessary and a commitment to those native Americans of our land; a new dam or water project, a courthouse, a weapons system, Medicare, education, housing, aid for the disabled—the list goes on and on—health care, aid and assistance to research aids and other dreaded diseases. The problem is the money doesn't go on and on as do the requests and permitting to fund them. And as we have built up and expanded the Federal programs and tax revenues we require from the people, we have tried to fool ourselves and the public by not paying for the benefits we provide. Instead, we have borrowed money or expanded the money supply. The result is the $2 trillion public debt and searing memories of the inflation of the early 1980's and the high-interest rates that ravaged the land today.

During the past few days and couple weeks of debate, we have heard over and over that the problem of the debt can be solved if only the Members would act responsibly on each bill each time we came to the floor. Well, that may be true but it has not worked and, in fact, will not work. It is like the story about Will Rogers. He was asked what he would do about the threat of German submarines to North Atlantic shipping during World War I. His response was that he would set the oceans of the world to boiling and thereby cook anybody who happened to be in a submarine in the ocean. Asked how he would set the oceans to boiling, he replied that he did not know, but that was one solution.

Well, we did not boil the oceans, the Sun does not rise in the West, and Members and the President will not bring about balanced budgets if all we have to rely on is their best efforts when they come to the floor and when they sit in the oval office. We have heard a lot about the institutional bias of the present legal and political framework that leads inevitably toward deficits, more and more deficits. Some have disputed that such a bias exists. I can only point to the fact of deficits in 25 of the past 26 years and 47 of the past 55 years to make my point. Members of Congress are honorable, hard-working people. We pride ourselves in representing our constituents. We do not want to pile deficit upon deficit. No one runs for office saying I am going to see how much deficit I can vote for. But we can not boil oceans and we can not balance

budgets unless we develop some new technology or have a different legal framework in which to legislate.

Others have said that simply mandating the norm of a balanced budget in the Constitution will not necessarily get you there, where we want to be, and that is a balanced budget. Of course, they are right. I conceded as much in my opening statement when I made clear that this amendment was not a panacea for our Nation's economic problems, it is not a cure-all, it will not stop ingenious legislators and people with green eyeshades down at OMB from manipulating the process occasionally. But what a constitutional amendment will do is create a fiscal and legal environment in which it will be possible for Congress to make responsible budget decisions. This amendment will also require the President to make those decisions. I, as one Member of the Senate, will be able to point to the highest law of the land when an interest group comes in with a request, explain my duty to honor it, and ask that interest group how they propose to help me honor that law of the land. Not only will Members be brought up short in some of our more profligate moments, but interest groups will have to make balanced and thoughtful requests to Members of Congress and ignore just their personal gain or interest that day. They will have to come up with solutions. If we need a new housing program, and indeed we do in this country with the homeless situation what it is, interest groups are interested in that and Members of Congress who promote that will have to come forward with a way to pay for it, with a way to fund it.

And is that not really what we should have been doing long before today?

On this general point of enforcement, I believe I also have history on my side. Many amendments to the Constitution don't have specific enforcement provisions any more than this amendment provides in section 5. But they are obeyed. They are obeyed, and the statutes that implement them are obeyed, because the Constitution has set out that governing principle in our lives and we as a people are steeped in the tradition of "rule of law," and specifically, we as Members take an oath to uphold the Constitution. If this amendment is in it, that will be part of that oath that we solemnly take. We as a people, or Members of this body, have never willfully ignored the dictates of the Constitution. We err now and then and the Supreme Court sets us straight or we set the Supreme Court straight, perhaps, by changing some of their laws. But we never waiver in our efforts to uphold the general principles of constitutional mandates.

Some say Gramm-Rudman-Hollings has solved the budget issue. While I applaud the effort and good intentions that went into that statutory provision, it can only be considered a good start. It has already run into difficulties in the courts, bills have been introduced to repeal it, and, in any event, it is only a temporary solution, expiring in 1991. We must legislate for the long haul. We can legislate aspects of due process and equal protection, and rights to counsel, and rights against illegal search and seizure, but that fact that these rights exist in the Constitution is what has given them—and us—a framework, a solid foundation on which to order our lives. No less reasoning applies to the need for a balanced budget mandate in the Constitution—because it is there we will obey it.

Our agonies over Gramm-Rudman-Hollings, reconciliation, and budget resolutions over the past months have been preludes to the decision we are about to make on amending the Constitution. If it were easy to balance the budget we would not need this amendment—but it has proven impossible and we desperately need this amendment. It is a simple amendment: It requires total outlays to equal total receipts unless three-fifths of both Houses of Congress decide that outlays may exceed receipts. It dictates a modest degree of accountability by requiring that bills to increase revenues—that means taxes—be passed by a majority of the Members of Congress. Debt to fund excess of outlays over receipts must also be approved by a three-fifths vote. These principles are straightforward and reflect the basic principles under which we as individuals, cities, States, and other entities are to conduct our fiscal affairs.

Our action today will affect all Americans, but perhaps most importantly it will affect the legacy we leave to future generations. As we prepare to vote on adding to the Constitution these provisions to require the norm of a balanced budget and to make us accountable to the American people when we go to them for tax dollars to fund our Federal programs, I ask each Member to especially consider our children and their children who will be saddled with the debt we have created and resolve that with the vote on this amendment we will begin the long and difficult road back to fiscal sanity.

Mr. President, in accordance with the unanimous-consent request, I yield the floor to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mr. EVANS. Mr. President, we are drawing to a close debate on perhaps the most important issue we will face this year, and we are going to face some exceedingly important ones.

Let me begin by first saying I join enthusiastically with the sponsors of this proposed amendment in my desire to appropriately balance our budget, to appropriately carry forward our economic affairs in a responsible and reasonable manner, and to ensure that future generations are not saddled with undue debts from profligate spending of this generation. In that respect we have no disagreement. But as to methods, there are substantial and deep divisions.

Let me first respond to comments made by several of my colleagues a little earlier. The Senator from Illinois and others have no occasion mentioned the so-called unwritten amendment to the Constitution, that illusory wraithlike amendment which some can apparently see but which does not exist on any paper. Now, that is an interesting way to interpret the Constitution—to just say that if there is not something you can see; if there is not something you would like to depend upon in the Constitution, just call it an unwritten amendment. And then suggest that all we are doing is putting into words what our forefathers had in mind as if we somehow could read the minds of those long since deceased.

We have to deal with the Constitution as it is now written, the Constitution as it has been interpreted for almost 200 years; and to try to make a conscious decision as to whether this indeed is an appropriate addition to it.

The Senators from Arizona and Illinois both referred to Thomas Jefferson and quoted his abhorrence of public debt, which was not exactly matched by his willingness to assume private debt. And, in fact, he built one of the grandest homes in the United States, Monticello, partially through borrowing as a long-term investment.

I am not going to stand here, and it is not the point of the argument today, to embrace debt, especially the size of the national debt as it has grown. I join again with the proponents in saying that we are indeed out of control. But no debt; moving to a completely cash budget; doing what virtually no private citizen does, virtually no corporation does, and virtually no State or local community does? We would be virtually unique among all the private and public entities of this Nation if we were to suddenly and radically decide that we would embark on a direction that brooks no investment whatsoever in our long-term future through debt.

As I say, it is not my purpose to embrace debt as a direction we ought to move, at least in the amount we have. But let's face it, that $2 trillion debt, immense as it is, has bits and pieces of it which helped preserve freedom during World War II. It has helped support farmers from being driven

from their land. It has hepled our poor from going hungry. It has helped build highways and bridges and the America we know today. It has helped to provide aid for students to go to college and universities and become the educated next generation leadership of this country. It has insured banks and, to a degree, an investment in our own future.

Now, of course, it is out of control in terms of its size and, of course, it ought to be brought under control. But we hear too often people on this floor talking about the absolute of a balanced budget, of no debt, of all cash, and I am not certain that that is the appropriate direction. In fact, I am quite certain it may not be.

The Senator from Arizona also mentioned that we cannot rely on the President and on the Members of Congress to do a responsible fiscal job.

If we cannot rely on those Representatives, if we cannot rely on ourselves as citizens of this Nation, then the words of a constitutional amendment are indeed a thin reed on which to lean.

Whether we have a constitutional amendment or not, it still takes the will of people elected to office, and the vigilance of the voters who put them there to ensure that appropriate action is taken.

The Senator from Arizona correctly mentioned that each of us in taking office swear to uphold the Constitution. It is part of the oath we all take, and suggested that with that oath we would by definition enforce any constitutional amendment or any section of the Constitution.

Well, I would suggest to him that has not always been the case. We passed the 18th amendment to the Constitution which prohibited transportation, sale, and in all respects the distribution of alcohol.

I suspect—although I would hate to point to any single Member—that in those days Members at the beginning of a congressional session would hold up their hands, swear to uphold the Constitution of the United States, and hasten out some place close by to celebrate with a quick drink. You simply cannot, unless there is the will, ensure that everyone is going to live up to the Constitution.

As we have moved along on this debate in the last half-dozen years, we have seen a significant change in the attitude of the American people toward a balanced budget amendment to the Constitution. On the one hand, an increasing desire toward moving a more responsible way on budgeting but a decreasing support for the specific balanced budget amendment to the Constitution.

The Gallup Poll has most consistently asked the question and produced the results. In 1978, 81 percent favored a balanced budget amendment to the Constitution. Essentially, the same question was asked in 1982 when it was down to 75 percent. Essentially, the same question was asked this last year when it was down to 49 percent. There was a drive a few years ago for States to seek a constitutional convention for a balanced budget amendment because the Congress would not act.

Few States have been added to that list in the last couple of years. That too has faltered with the recognition not only of the danger of opening up a constitutional convention, but a growing recognition that the balanced budget amendment is not the real answer.

I have said before, and I say again, that to approve this amendment would be irresponsible. I believe debate over the last several weeks has shown this, and if one needs more proof, Mr. President, I ask unanimous consent that the statement of 217 distinguished economists, including seven Nobel laureates of economics and four former chairman of the Presidents Economic Advisers be printed in the RECORD, who said the following:

We do not believe that the quality of our economic policies will be improved by amending the Constitution. Rather, they will be improved only through better and wider public understanding of the economic elements in national policy, and by electing public officials who are competent, responsible, and responsive to the will of the electorate.

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

ECONOMISTS' OPEN LETTER OPPOSING A CONSTITUTIONAL AMENDMENT REQUIRING BALANCED FEDERAL BUDGET AND LIMITING FEDERAL TAX RECEIPTS

The undersigned professional economists, who hold a variety of views regarding national economic policies, nevertheless are united in opposing enactment of the proposed constitutional amendment embodied in Senate Joint Resolution 13 or the Simon Substitute. Our reasons are given below. We are not all equally impressed by each of these reasons; and some of us have still other reasons for opposing the Amendment. But we are unanimous in our conviction that such an amendment is not in the national interest.

1. Whether a given expenditure budget and set of tax provisions will produce a deficit or a surplus depends to an important degree on the state of the economy over a period that will end considerably more than year from the time when appropriations and tax laws are enacted. This future state of the economy will be significantly influenced by the budget itself; but it also depends on many other events and circumstances that cannot be foreseen. Achieving the purpose of the proposed Amendments—i.e., avoiding deficits—thus implies an impossible accuracy in economic forecasting. Of course, Congress could deliberately evade the purpose of an Amendment by making economic assumptions that its members knew or suspected were unlikely to be realized. Such devious procedures clearly should not be encouraged by an unworkable Constitutional provision.

2. Even if Congress were able accurately to foresee the state of the economy, and able accurately to predict the revenues and expenditures associated with any economic forecast and any set of tax laws and appropriations, it is bad public policy to enact a budget that would be balanced in a fiscal year foreseen to be characterized by excessive unemployment and deficient sales, production, and incomes. Such a balanced budget could, in those circumstances, itself markedly increase unemployment and further depress production and incomes.

3. Similarly, if the fiscal year for which the budget and tax rates were being determined were expected to be a year of strong demand, high production and employment, and rising inflation, the provision of S.J.R. 13, that would limit the percentage rise in tax revenues to the previous year's percentage increase in national income could require tax rate reductions that would further increase demand and further fuel inflation, leaving tight money and high interest rates as the principal weapons for attempting to stabilize demand and prices.

4. Precise definitions of "expenditures", "revenues", "deficit", "national income" and related concepts are not included in the present draft amendments. Thus, an Amendment would need to contain (or the Courts would need to supply) such definitions. The relevance of any particular set of precise definitions changes materially over time. The Constitution cannot be periodically amended or reinterpreted to keep up with changing fiscal concepts and practices.

5. Constitutional limits on the use of budgetary policy for purposes of economic stabilization could in many cases be evaded by the use of regulatory policies or tax differentials designed to achieve the same ends. Regulatory provisions are normally far less efficient than economic incentives, and regulations or tax differentials seriously distort private economic choices. Inventing new forms of "off-budget" expenditures or financing would be another easy but undesirable means to frustrate the intention of an Amendment.

6. Interpretation of the Constitution—including an Amendment, if approved—is a function of the judiciary. We believe it unwise to involve the courts in the interpretation of economic theory and economic policy. It often take years to develop a judicial construction sufficiently thorough to comprehend the full range of issues, arguments, and conflicts inherent in a new legal situation. Moreover, it often takes years to adjudicate the cases that arise to test the scope and application of a new legal concept. To be effective, economic policy must be flexible, and respond to changing economic conditions, insitutions, and relationships; bringing the courts into the policy process would severely undermine the necessary flexibility.

7. The proposed Amendments demand a three-fifths vote of the full membership of each House of Congress in order to permit a Federal deficit under any circumstance other than a formal declaration of war. A special majority would also be needed to raise tax revenues by more than the previous year's increase in National Income (which might be a decrease). In a national emergency other than war, a prohibition of deficits or tax increases might make it impossible adequately to protect the national interest. A national-security emergency does not always (or, in recent history, even generally) involve a formal declaration of war; and a threat to national security may not

always be so obvious that three-fifths of the members of each House will perceive it and actually vote that it exists. Further, acknowledgement of such a threat by so explicit an action might be highly inappropriate or even dangerous. The debate and confusion involved in such a major and unprecedented policy decision could preclude immediate response to an imminent danger.

8. Most of us agree that Federal budget deficits can be and often have been incurred unwisely—at the wrong times, or in the wrong amounts. However, we do not believe that the quality of our economic policies will be improved by amending the Constitution. Rather, they will be improved only through better and wider public understanding of the economic elements in national policy, and by electing public officials who are competent, responsible, and responsive to the will of the electorate.

The motivation for Congress' sudden interest in amending the Constitution to prohibit deficits appears mainly to reflect frustrations associated with its inability to enact a fiscal-year 1985 budget that would be balanced in a year that it officially predicts will be marked by vigorous economic recovery. As the Washington Post noted editorally on June 21, 1982, "It is grotesque for senators and a president who cannot get their current deficit under $100 billion to support, piously, constitutional language putting it at zero."

The undersigned are all professional economists, engaged in research, teaching, consulting, or staff capacities. We sign this statement as individuals, our institutional affiliations are provided only for purposes of identification, with no implication that we represent anyone's views other than our own.

ECONOMISTS IN OPPOSITION TO SENATE JOINT RESOLUTION 13 AND THE SIMON SUBSTITUTE

Nobel Prize winners in economics: Kenneth J. Arrow, Lawrence R. Klein, Wassily Leontief, Franco Modigliani, Paul Samuelson, Herbert Simon, and James Tobin.

Former Governor of Federal Reserve Board: Andrew Brimmer, and Sherman J. Maisel.

Former president of National Association of Business Economists: Richard W. Everett.

Former Chairman of the Council of Economic Advisers: Gardner Ackley, Walter W. Heller, Leon Keyserling, and Charles Schultze.

Former presidents, American Economic Association: Kenneth J. Arrow, William J. Baumol, Kenneth E. Boulding, Walter Heller, Lawrence R. Klein, Wassily Leontief, Franco Modigliani, Paul Samuelson, Robert Solow, and James Tobin.

President, National Economic Association: Bernard E. Anderson.

President, Conference of Economic Progress: Leon Keyserling.

Former Chairman, Council on Wage and Price Stability: Alfred Kahn.

Former Chief Economist, U.S. Department of Commerce: Courtenay Slater.

John Bates Clark Medalists: Kenneth J. Arrow, Kenneth E. Boulding, Franklin M. Fisher, Lawrence R. Klein, Paul Samuelson, Robert Solow, and James Tobin.

Henry Aaron, Brookings Institution.

Moses Abramovtiz, Stanford University, former president, American Economic Association.

Gardner Ackley, University of Michigan, Former Chairman of the Council of Economic Advisers.

William James Adams, University of Michigan.

Irma Adelman, University of California—Berkeley.

M.A. Adelman, Massachusetts Institute of Technology.

Daniel S. Ahearn.

Clopper Almon, University of Maryland.

Bernard E. Anderson, president, National Economic Association.

Ronald Anderson, Columbia University Graduate School of Business.

Albert Ando, University of Pennsylvania.

Kenneth J. Arrow, Stanford University, Nobel Memorial Prize in Economics, 1972, formal president, American Economic Association, John Bates Clark Medalist.

Gerald E. Auten, Bowling Green State University.

Martin Neal Baily, Brookings Institution.

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Saul H. Hymans, University of Michigan.
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Gavin Wright, Stanford University.
Frank C. Wykoff, Pomona College.

Mr. EVANS. Mr. President, I also have the statements of 266 distinguished constitutional lawyers and professors of constitutional law who said in their summary:

* * * it is our opinion that amending the Constitution to include budgetary and economic doctrine would undermine the flexibility and diminish the integrity of the document under which this nation was born and has prospered for almost 200 years.

And I ask unanimous consent that their statement be included in the RECORD.

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

OPEN LETTER OF LAWYERS AND PROFESSORS OF CONSTITUTIONAL LAW OPPOSING A CONSTITUTIONAL AMENDMENT REQUIRING BALANCED FEDERAL BUDGET AND LIMITING FEDERAL TAX RECEIPTS

The undersigned lawyers and professors of law, who hold a variety of views regarding national economic policies, are united in opposing enactment of the proposed constitutional amendment embodied in Senate Joint Resolution 13 or the Simon Substitute (the "Balanced Budget" amendment). Among the reasons for our opposition are:

1. One of the chief strengths of our Constitution resides in its flexibility. Changing social-economic conditions demands changing approaches to economic policy and budgetary outlays. A constitutionally required balanced budget would severely limit the government's ability to fashion such economic policies as may be needed in particular, and often unforeseeable, circumstances. To elevate a balanced budget to

permanent constitutional status is unwise and historically unsound.

2. Under Section 1 of the proposed amendment a three-fifths vote is needed to "unbalance" the budget. While more than a majority of those present and voting is now constitutionally required for certain matters (conviction on impreachment and proposed amendments) the principle most firmly embedded in the Constitution is one of majority rule. The potential for a tyranny of the minority in regard to budget votes under Section 1 of the proposed amendment is clear, and would inevitably have a paralyzing effect on the way Congress works.

3. Section 2 of the proposed amendment, furthermore, would create a permanent bias in the legislative process against federal programs as such, by requiring constitutional majorities of both Houses to approve any programs that increase the proportion of the "national income" represented by federal revenues above that of the previous year. Whatever the merits of the political philosophy behind this provision, it is wrong to thrust the political decisions it entails on future generations through writing it into the Constitution.

4. As attorneys and law professors, we are most concerned over the prospect of increasing the role of the judiciary in the budget process. Problems of definition of terms such as "national income" are not the only points on which judicial review may be expected. To take just one example, the Congress may wish to put certain types of outlays "off-budget"; in each such case, the constitutionality of the decision would be subject to judicial review. The review process is not only time-consuming; it is also unpredictable and uncertain. Therefore the certainty required for the smooth operation of the government would be seriously eroded.

Finally, it should not be forgotten that Congress and the President already have the power to balance the budget, without a constitutional amendment. The discipline required for a balanced budget must come from within the political process, and cannot, without serious disruptions, be imposed from without.

In conclusion it is our opinion that amending the Constitution to include budgetary and economic doctrine would undermine the flexibility and diminish the integrity of the document under which this nation was born and has prospered for almost 200 years.

We sign this statement as individuals; our institutional affiliations are provided only for purposes of identification, with no implication that we represent anyone's views other than our own.

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James W. Zirkle, Yale Law School.

Mr. EVANS. Mr. President, when debate began on the balanced budget amendment, I believe the proposal was not only inappropriate but also unnecessary and unworkable.

With the addition of the Hatch-Armstrong amendment which requires a three-fifths vote of both Houses to increase the public debt, the proposal, I believe, has become an even more dangerous threat to the financial integrity and stability of the country. In today's terms, this means that if we reach our debt ceiling, and like death and taxes we most assuredly will, the U.S. Government could be forced by a minority in Congress to renege on an endless list of Federal financial obligations. Programs such as Federal guarantees for student loans, Commodity Credit Corporation, Federal deposit insurance, veterans' pensions, Social Security, public entities like the TVA, or the Bonneville Power Administration. All it takes is the simple majority to approve such guarantees, and approve such borrowing authority. This new provision, however, could require support of a supermajority in Congress to keep the promise when it comes to delivering the goods.

The present legal and constitutional structure focuses on the creation of an obligation that will result in spending. This usually comes in the form of budget or spending authority.

Nowhere, however, does Congress appropriate outlays. Outlays are the spending that result from the original obligation.

So actually, the emphasis of the constitutional amendment on receipts and outlays does not even deal with what we appropriate.

The report of the committee which many of the proponents have assiduously referred to takes 12 pages to describe definitions of outlays and receipts and actions to be taken.

The colloquy which is in the CONGRESSIONAL RECORD took three pages of the RECORD to again identify the complexity of outlays and receipts.

Let me only read a couple of the more interesting definitions.

Outlays, receipts, fiscal years, are all terms defined by or to be defined by statute, and as such have no constitutional standing.

They go on to say at the same time the committee is "sensitive to the likelihood that such concept will undergo modification through time." In other words, there is no great constitutional protection when you go down to the detailed definitions.

Then further, we have a most fascinating discussion which I am delighted to find of what constitutes budget balance. What in their terms is a de minimus balance. In other words, if you get to the end of the year and you are close but not quite there, how much is close? They say what is de minimus is subject to interpretation given present-day monitoring abilities and the size of the Federal budget. It would be fair to say that a $10 billion imbalance or roughly 1 percent of the Federal outlays would mean balance.

They may say that $10 billion is de minimus. I suggest that $10 billion is a lot of money, and does not come close to the kind of balance they have advocated so strenuously.

The balanced budget amendment with this three-fifths requirement to raise the debt ceiling does as both the Senator from New Mexico, and the Senator from Utah stated 4 years ago. It causes some enormous problems and tilts the balance strongly toward raising taxes which only takes 51 votes, as opposed to increasing the debt limit which would take 60 votes.

For the Federal Government to pay off the guarantees of loans for crops, for students, for any other purpose; as you reach the debt ceiling, if you ran into problems, the choice then is difficult. You raise taxes—the easiest way out—or, if you insist on raising the debt, you would have to do it with a three-fifths vote. And we then put this in the hands of a relatively small minority, unusual strength from which they would extract a very large price.

Mr. President, I suggest that in referring to these 1982 statements that the choice is to increase taxes rather than to increase the debt limit. The response from the proponents was best displayed by my colleague from Illinois, who last night was on the McNeil-Lehrer program with me. His response to that question in the 1982 statements said, "Frankly, I think we need additional revenue."

Well, we may indeed need additional revenue at some point in our efforts of deficit reduction.

The PRESIDING OFFICER. The Senator is informed that the time remaining to oppose the amendment is believed less than 70 minutes, which is the amount formerly agreed to.

Mr. EVANS. I would ask unanimous consent for 5 more minutes, but I do not see any managers on the floor.

Mr. WEICKER. Mr. President, may I make a parliamentary inquiry as to how much time is left to the opponents of the amendment?

Mr. GORTON. Slightly under 41 minutes.

Mr. WEICKER. Is it proper to suggest that of such time, 5 minutes be used?

The PRESIDING OFFICER. The Chair would suggest that since the only Members on the floor are opponents, any unanimous consent request should relate to their time.

Mr. WEICKER. I ask unanimous consent that the Senator from Washington [Mr. EVANS] be permitted 5 minutes, which time would be taken off the time belonging to the opponents of the business before the Senate.

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

Mr. EVANS. I thank the Senator from Connecticut.

Mr. President, we may indeed need additional revenue at some point, but do we indeed need a permanent constitutional revenue machine—a machine which would be created under this

amendment? It would give undue effort to the raising of taxes rather than leaving it balanced as it is now, where the choice can be made with full understanding of the economic characteristics of the time and the needs of our people whether to cut spending, raise taxes, or to engage in an unbalanced budget.

Mr. President, there are many ways. I have a detailed report which I ask unanimous consent to have printed in the RECORD, a report of a distinguished former House Budget Committee chief counsel, Wendell Belew.

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

MATHIS, BELEW & ASSOCIATES,
Washington, DC, March 19, 1986.

Senator DANIEL J. EVANS,
U.S. Senate,
Washington, DC.

DEAR SENATOR EVANS: On Tuesday, March 25, the Senate is scheduled to vote on S.J. Res. 225, the Balanced Budget Constitutional Amendment. If approved this amendment will radically alter the financial structure of the United States Government. Uncertainties created by the amendment will increase interest costs, inhibit the efficient execution of government contracts and undermine domestic and international confidence in the credit of the United States.

The attached document examines some of the specific problems created by S.J. Res. 225. I hope you find it useful in considering this important matter.

Sincerely,

WENDELL BELEW,
Partner,
Mathis, Belew & Associates.

ANALYSIS OF PROBLEMS ASSOCIATED WITH THE BALANCED BUDGET CONSTITUTIONAL AMENDMENT

(Prepared by Wendell Belew)

The Hatch-Armstrong amendment to the proposed Balanced Budget Constitutional Amendment (S.J. Res. 225) introduces a new element of uncertainty in a wide variety of programs, ranging from Commodity Credit Corporation price supports to Guaranteed Student Loans and FDIC/FSLIC insurance. The new provision of the constitutional amendment provides that "the public debt of the United States shall not be increased to fund any excess of outlays over receipts for any fiscal year, unless three-fifths of the whole number of both houses of Congress shall provide, by law, for such an increase".

The provision is intended to supplement the requirement elsewhere in Section 1 of the Amendment that "total outlays of the United States for any fiscal year shall not exceed total receipts to the United States for that year, unless three-fifths of the whole number of both houses of Congress shall provide for a specific excess of outlays over receipts." Rather than controlling the obligation of new debt these provisions place a major stumbling-block on Congress's ability to satisfy legal and moral obligations already incurred.

The present legal and constitutional structure focuses on the creation of an obligation that will result in spending. In technical terms Congress and the President create "budget authority" or "spending authority" by law. This authority may take the form of an appropriation bill, a veterans pension, a non-recourse CCC loan, or a commitment to pay the interest on the national debt. Congress and the President may also create contingent obligations, in the form of loan guarantees, which pledge the full faith and credit of the United States behind a certain enterprise. Nowhere, however, does Congress appropriate or create "outlays". Outlays are the spending that results from the original obligation (usually in the form of budget authority) created by law. Thus, Social Security or unemployment benefits are paid out according to whether or not the claimant satisfies the standards set forth in law, not by virtue of what the outlay level may be.

Under our present system, actual spending is controlled by reducing the extent to which the United States is obligated to make payments. For example, outlays could be reduced by cutting CCC price support or loan levels, changing federal retirement benefits, or eliminating the Social Security cost of living adjustment. Stricter eligibility requirements will reduce the cost of a program by limiting the number of individuals eligible to receive benefits. It is not appropriate under current practice, however, to undertake an obligation—to promise to buy wheat at a certain price, for example—and then refuse to pay up when the contract comes due.

The modified Balanced Budget Constitutional Amendment would change all this. By focusing on the level of outlays and the public debt and by ignoring the very obligations and authorizations that generate those outlays, the revised amendment would say to the prospective beneficiary of some federal program, "No matter that we promised to guarantee the loan, buy the crop or provide a disability payment, you won't get your money until three-fifths of the whole number of both houses and the President agree that you will." It takes little imagination to conjecture the effect of such a half-hearted promise on participation rates in CCC programs, the inclination on the part of lenders to participate in the Guaranteed Student Loan program or even the cost of interest on the public debt itself.

Specific examples show the effect of the proposed amendment on important federal programs:

Commodity Credit Corporation. Under present law CCC programs typically operate in a number of ways. Under the soybean loan program, for example, the farmer plants his crop in the spring, harvests it in late summer, then faces the necessity of paying off his short-term debt. One option is to sign a contract for a short-term non-recourse CCC loan, whereby the farmer stores the crop, gets a warehouse receipt and then has the choice of selling his crop on the market or defaulting on the loan, leaving the crop with the CCC. If the constitutional amendment is adopted, the farmer may face a situation where he harvests a crop, expecting to pay off his short-term debt with a CCC loan, only to find that there is no federal money left to borrow. Similarly, producers of some crops (such as feed grains) are eligible to participate in income support programs under which the farmer signs a binding contract to control production in exchange for income support. Under S.J. Res. 225, a scenario could develop whereby the farmer signs a contract, reduces his production, harvests the crop, and finds the CCC till empty due to the failure of a Congressional super-majority to raise the debt limit. Under these circumstances, many farmers would be reluctant to participate in CCC programs.

Tennessee Valley Authority. The Tennessee Valley Authority, like other power producers, derives income from the charges its consumers pay and spends money for operations and expansion. When new power production facilities are being built, expenditures will exceed receipts—at least until the new facilities start producing power. Under the proposed constitutional amendment, once the public debt limit had been reached—or when total outlays would exceed total receipts for a given fiscal year—TVA could be forced to either drastically increase rates or dramatically cut construction so that receipts exactly equal outlays.

Guaranteed Student Loans. The federal government subsidizes student loans in two ways: (1) payments are made to the lender to provide for a slightly higher interest rate than the student pays and (2) the government guarantees the payment of the loan if the student defaults. Under the proposed constitutional amendment both the interest subsidy and the payment of the guaranteed loan would be at risk if Congress and the Administration were unable to agree on raising the debt limit or waiving the balanced budget requirements. The prospect of failing to receive payment for a given obligation would understandably make lenders less willing to participate in the GSL program and increase the cost of student loans to student and taxpayer alike. Lenders would also be more inclined to seize upon technical reasons to declare a loan in default, anticipating that funds to pay off a default may not be assured in the future.

FDIC/FSLIC Insurance. The Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation insure the deposits of member institutions. If the debt limit were reached or outlays were to exceed receipts for a given fiscal year, payments to depositors could not be made under these authorities unless there were sufficient income generated from insurance premiums and interest revenues to offset them. One can easily imagine a situation where regional economic factors result in both a deficit and financial institution failure. Under the proposed constitutional amendment, depositors in federally-insured institutions would have to wait until a super-majority of both houses and the President resolve their differences before receiving their money.

Social Security and Other Trust Funds. Federal government trust funds are characterized by having earmarked receipts flowing into the fund to finance its obligations. Federal law usually requires that receipts coming into the fund be invested in government instruments. If the proposed constitutional amendment were to be adopted and if the debt limit were reached, disinvestment of those trust funds might result. That is, the Treasury might "cash in" the investments of the Social Security and other trust funds in order to make room for more federal borrowing. Last year, disinvestment of the Social Security trust fund occurred due to the delay in approving an increase in the public debt limit.

Whatever the merits of the Balanced Budget Amendment prior to adoption of the Hatch-Armstrong amendment, the modified version of S.J. Res. 225 poses a substantial threat to the financial integrity of the United States government. Due to the uncertainties created by the amendment, interest rates would rise, contractors would demand "cash up front", and the holders of government guarantees would be motivated to join a run on the federal bank. These fac-

tors demonstrate the difficulty in solving specific economic problems through general provisions of law or the Constitution.

Mr. EVANS. He points out that under many circumstances—the difficulty with which farmers could finally collect on their crop loans under a whole series of elements where there would be difficulty in carrying on the business of the country. He adds one other situation which has not been mentioned so far.

Under a debt ceiling crisis, defense would be equal to all other programs—procurement, pay and benefits, and readiness could all suffer. Just imagine, in anticipation of that fact, the military would be required to adjust its stockpiles not only in anticipation of war, but in anticipation of the conflict generated over the debt limit.

Mr. President, the purpose of all this is to show that the protection of a constitutional amendment is illusory. No one seeks to be obstinate and no one seeks to be tricky. But if, in fact, there is not the personal will to reach a responsible budget, whether or not we have a constitutional amendment, that job is not likely to be done.

As I said earlier, a constitutional amendment will not provide a miracle cure. We need political courage, brains, and heart, because responsible budgets are balanced by leaders, not law. Are we going to turn over much of our decisionmaking to the courts, which a constitutional amendment would almost assuredly require? Will we set our economic machine on automatic pilot where we could not make effective and responsible decisions? Are we to turn over major decisions that would affect all the people of the country to a minority—a 40-percent minority—which in the Senate could be a minority representing slightly over 10 percent of the population of the Nation?

Mr. President, I suggest that this amendment is not needed. What is needed is the continued devotion to the start which we have made with Gramm-Rudman and an opportunity to show this year that we can indeed move toward a balanced and responsible budget. We do not need the crunch of a constitutional amendment to get there.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. Mr. President, I yield 10 minutes to the distinguished Senator from Connecticut.

The PRESIDING OFFICER. Is the Senator from Utah yielding his time?

Mr. HATCH. Yes, Mr. President, on my time.

Mr. WEICKER. I thank the distinguished Senator from Utah.

Mr. President, I rise to oppose the amendment before the Senate. Let me review two recent happenings in the course of Government during the past several months. The first was the President of the United States delivering his State of the Union Address, in which he called for a balance-the-budget constitutional amendment while, at the same time, presenting an unbalanced budget to the Congress. I would suggest that it would be far better than requesting a balance-the-budget constitutional Amendment in his State of the Union Address for the President of the United States to present a balanced budget to the Congress.

Second was that moment on the Senate floor when, immediately after the passage of Gramm-Rudman, which was a macrostatement by the Senate of the United States that we had to balance our budgets, there were the three votes. The three votes that followed that were as follows: One, an amendment to reduce defense spending by 5 percent received seven votes.

The second was to raise the gasoline tax 18 cents to provide for lowering the deficit. Nine of us voted for that. The third was to include Social Security in the budget process and 27 of us voting for that. So how do you make the macrostatement that we want to balance the budget when the Senate cannot vote to do that and the President of the United States presents an unbalanced budget at the same time he calls for a balance-the-budget amendment?

I suppose what I submit to my colleagues in the Senate is if those in our generation, be they in the executive or the legislative branches of Government, do not have the courage to do what this resolution calls for, I do not think we have the right to saddle future generations with the consequences of our inadequacies.

All the power in the world exists in Presidents and Senators and Congressmen to balance the budget. Not one more word need be written into any law or the Constitution on that subject. Literally what needs doing is more than one vote to accomplish that end. I suppose what bothers me the most in the course of this debate is exacting the price for our lack of courage from the people of the United States and from future generations.

Every one of these constitutional amendments that comes up, be it religious freedom, be it the independence of the courts, every one of these proposes that the American people have just a little bit of their freedom and their rights eroded. Right now there is the unlimited opportunity to choose what the priorities of this Nation will be. Why does anybody want to trade that in? Why would a citizen of this Nation want to trade that in for a mechanism which in one way or another is going to tell him or her what they can or cannot do? Why do I stand out here and fight on the religious issue? Not because I am being given any more rights when we try to amend the Constitution but, rather, somebody is trying to take away from me one of my rights, the rights that I and 250 million other people have.

Why do we want the Congress to tell the courts what do do? How dos that impact on the average citizen in the sense that right now they have the courts and the Congress and the President to protect their rights? Maybe all three will, maybe two will, maybe one will, but they have the total right to choose what the national priorities will be at this juncture. Why would anybody want to trade that in for something less? That is what is being offered on the floor of the Senate when it comes to fiscal affairs. But more importantly, forget that terrifying word "fiscal." Think of what it is we want to do as a Nation and how we are going to pay for it.

This is a clearcut diminution of my right as a citizen—never mind as a Senator, my right as a citizen—to choose what the priorities will be, and it may very well be that subsequent generations will seek to unbalance the budget and maybe for very good reason. I have to point out that those who are ringing their hands and gnashing their teeth as to the imbalance of the budget are at least in this generation the ones who were the greatest advocates of the defense spending which unbalanced it.

Now, I have no criticism of that. That is not the issue here, because indeed the American people have chosen Ronald Reagan and his philosophy. The American people want to emphasize defense. Fair enough. But understand what you have done to achieve that defense superiority. You have unbalanced the budget.

That was a conscious choice. I am not complaining about it, but why screw up the Constitution when you have achieved the very result that was inevitable from the start? I like to think there may be a worthier objective to unbalance the budget sometime in the future. Maybe we will come to our senses and realize that the business of life is more important, such as health, science, education, and maybe we will unbalance the budget in the name of those causes. Then I will be happy.

But in all of this process, there is nothing wrong with the Constitution of the United States. It is just that somebody is trying to achieve their particular end in a painless way—and there is no such animal.

I certainly believe in abiding by the results of debates on the various matters of national priority which come before the U.S. Senate. I have no difficulty living with a budget that I think is completely out of whack. The majority does rule and that is what the majority wants.

So this matter before us then is clearly something separate and apart from the opinions and the passions of

the times. What I say is, because of a particular situation created in our time, do not destroy the Constitution. Let it remain constant. Whether in terms of the right to choose, whether in terms of religious freedom, whether in terms of the independence of the judiciary, let the Constitution remain constant so that all generations can look to the one thing that does not change.

Now, as far as the American people are concerned, if they want to know what is wrong, I will tell them exactly what is wrong. They are sitting on their duffs, they are not voting, and they do not care about this political system in the United States. The reason we have an unbalanced budget is because they do not vote, period. Nobody will be glad to amplify on that statement more than the Democratic candidate for Governor of the State of Illinois. You cannot put the political system onto automatic pilot either. The American people have to involve themselves through the political process and vote and say what it is they want. And if a balanced budget is important, then they should elect those who believe in a balanced budget and kick out those who have created the imbalance, for whatever reason.

The PRESIDING OFFICER. The time yielded to the Senator has expired.

Mr. WEICKER. I ask for 1 more minute.

Mr. HATCH. I yield 1 more minute and then I will ask for recognition.

Mr. WEICKER. Mr. President, I hope this resolution fails. I hope we focus on ourselves and that the American constituency focuses on us. The fault lies not in the stars, dear Brutus, but in ourselves. That is where the fault for the unbalanced budget is. So leave that magnificant statement of principle and of ideals alone and let the Congress and the President do the work for which it was elected, and then come election day let the factor of accountability move us in one direction or another. Under this resolution we remain in a fog, and no one in a fog ever moved anywhere, nor could they be seen. When the voters demand it under the political system existing under our Constitution, there wil be a clear-cut direction to follow because it will be enunciated by the clear-cut words of the Nation's elected representatives. I yield the floor.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, as I understand, the distinguished Senator from Florida wants to speak. Could I take a minute and I will turn to the distinguished Senator from Florida.

Mr. President, we intend the term "public debt" to mean that debt held by the public which is incurred to finance a deficit. Indeed the language of the amendment I proposed explicitly limits the sweep of this provision to public debt incurred "to fund any excess of outlays over receipts." Accordingly this term does not apply to debt held by Government trust funds, revolving funds, and off-budget Federal borrowing entities, like the Federal Financing Bank. The committee report reinforces this limited definition of the term "public debt":

> Debt held by Government trust funds (e.g., Social Security trust funds, revolving funds, and off-budget Federal entitites is excluded from debt held by the public. * * * Federal financing bank borrowing from the Treasury is not included in public debt.—Pages 51-52.

The FFB does not borrow from the public, it borrows from the Treasury.

Other off-budget entities that borrow from the Treasury would not be covered by this amendment. Only that entity which borrows from the public to finance deficits—the Treasury of the United States—is covered.

Thus, public debt must be distinguished from gross Federal debt. Gross Federal debt includes public debt and agency debt and debt held by trust funds. The latter two categories are not within "public debt." Agency debt is debt that certain agencies of the Federal Government are authorized to incur on their own. These debts are generally subject to an independent statutory limit. This agency debt is not included within public debt.

The effect of these definitions and the additional clarifying terms of Senate Joint Resolution 225 is to ensure that the three-fifths supermajority requirement does not apply to any Federal borrowing except that necessary to "fund an excess of outlays over receipts for any fiscal year." The additional clause "for any fiscal year" clarifies further that this amendment does not affect credit transactions within a fiscal year, but only those at the close of a fiscal year necessary to fund a deficit.

Some of my colleagues have argued that this provision means that "Defense, Social Security, and medicare programs" would cease if some debt limit were reached. They go on to contend that the Government could notmake payments on defaulted loans or make payments to its own creditors if this debt limit were exceeded. These arguments overlook the fact that the language of Senate Joint Resolution 225, unlike an entirely different amendment adopted during 1982, contains no language regarding a debt "limit." Moreover this overlooks the new language of Senate Joint Resolution 225. Because of these differences, Senate Joint Resolution 225 does not place any three-fifths limits on farm loans or student loans or lending beyond a certain limit. Those are not the terms of 225. We do not issue CCC loans or student loans "to fund an excess of outlays over receipts for any fiscal year," we make those loans to help farmers and students. If these programs or other agency programs that are authorized to incur debt must borrow within a fiscal year to meet their obligations, this proposed constitutional amendment does not interfere in the slightest with that obligatory activity. This proposed constitutional amendment only prevents increases in the limited category of public debt—a term which excludes agency borrowing. Moreover it only affects those increases in that limited category that are necessary to fund deficits which must themselves be authorized by a three-fifths vote under this amendment. Moreover it only affects those deficits authorized by three-fifths and incurred to cover a fiscal year deficit. It does not affect within-year borrowing necessary to run necessary programs.

CCC and student loan programs, just like every other program of the Federal Government, are not directly affected by Senate Joint Resolution 225. 225 changes no programs. It limits no borrowing authority—except borrowing necessary to fund a deficit authorized by a three-fifths vote of Congress for any fiscal year. Any change in CCC or student loan programs could not be caused by Senate Joint Resolution 225, which sets no statutory priorities and mentions no programs. Only Congress can change those programs by changing the law.

Finally I would note that some opponents of Senate Joint Resolution 225 have published my speeches against Senator ARMSTRONG's 1982 amendment to the 1982 constitutional amendment proposal. This was like comparing apples to aardvarks. The 1982 Armstrong amendment was significantly different; the 1982 constitutional amendment was significantly different; and the economic effect of these in 1982 was completely different than the current language.

I have already mentioned a few ways that this 1986 language is different from the 1982. The 1982 Armstrong amendment talked about putting the current statutory debt "limit" into the Constitution. The dollar amount of the current debt limit would have been frozen into the Constitution by this language. This amendment is much different. It does not employ the concept of a debt limit, but only requires three-fifths to authorize a specific kind of borrowing to fund a deficit which must itself be authorized by three-fifths. These two actions are likely to occur simultaneously.

It is also important to note that the 1982 constitutional amendment was completely different than Senate Joint Resolution 225. The 1982 constitutional amendment did not require an actual balanced budget, but only a

planned balance. It permitted deficit spending without a three-fifths vote when unanticipated revenue shortfalls caused an actual deficit despite a planned budget that was in balance. Since these revenue shortfalls would be most likely in a recession, the Armstrong amendment of 1982 would have required Congress to either vote to raise the debt limit by three-fifths or raise taxes by a majority vote. In that context, I made my arguments concerning tax increases.

Senate Joint Resolution 225, on the other hand, never creates this problem. It states forthrightly that outlays shall not exceed receipts without three-fifths authorization. Accordingly, 225 creates no dichotomy between planned and actual balance. The budget will always be balanced or Congress must vote to explain why. Under 225, therefore, a vote on increasing the public debt to accommodate a deficit will only occur in the wake of all earlier authorization to incur a deficit. Thus, this current language about public debt increases does not operate in any way to increase the likelihood of tax increases, spending cuts, or general borrowing freezes. It only operates as further assurance that Congress will do as required in section 1; namely, only allow outlays to exceed receipts when specifically authorized by Congress. The vote to authorize a specific excess of outlays over receipts and the vote to permit funding of that deficit by borrowing will most likely be simultaneous, but the conjunction of the two provisions ensures that Congress will indeed be required to authorize a deficit.

In conclusion, I would only note that the Senator who published my 1982 remarks against the Armstrong amendment and mistakenly applied those comments to Senate Joint Resolution 225 actually voted for the Armstrong amendment in 1982. It is clear that the only intent here is to defeat the balanced-budget amendment regardless of the accuracy of the arguments used to achieve that end.

Mr. President, on behalf of myself and the following Senators, I ask unanimous consent to have printed in the RECORD an explanation of a colloquy and the colloquy which was inserted in the RECORD by Senator HEFLIN on March 21, 1986, at page 5922. Senator METZENBAUM consents to entering the colloquy into the RECORD, but does not necessarily subscribe to each statement included. The following Senators have signed this request: Senator DECONCINI, Senator METZENBAUM, Senator HEFLIN, Senator THURMOND, and Senator HATCH. Senator MELCHER has not signed it, but has indicated that he would sign it.

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

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

EXPLAIN COLOQUY

At the request of Senator HEFLIN of Alabama, the authors of S.J. Res. 225 entered into a colloquy to discuss the meaning of the terms used by the proposed constitutional amendment. As the Senator from Alabama noted, S.J. Res. 225 does not contain a definition section. This is, of course, not unusual. The first Congress did not append to the Bill of Rights a section to explain the meaning of the terms "speech" or "establishment" or "search and seizure" or any other words. Their objective was not to define with the precision of a statute whether the term "speech" would extend to wearing armbands or other forms of symbolic expression. Instead they meant to incorporate into the Constitution a basic principle protecting those forms of expression necessary for free exchange of political ideas, for informing the electorate, and for the preservation of an independent republic. They accomplished this magnificently with the first amendment.

The basic principle enunciated by S.J. Res. 225 is that outlays shall not exceed receipts in any fiscal year unless three-fifths of Congress vote otherwise. A necessary corollary of this principle is that all Federal spending and all Federal taxing must fall within the terms of the amendment. If S.J. Res. 225 excluded some forms of spending or taxing, the balanced budget norm would be compromised by Congressional efforts to define all favored spending programs within the exclusion. For this reason, the Senate rejected an amendment to exempt Social Security from the terms of S.J. Res. 225. The colloquy reemphasizes these axioms.

The committee report accompanying S.J. Res. 225 contains a section which discusses the contemporary meanings of the terms "outlays" and "receipts." The report states that these terms are now and in the future could continue to be defined by statute. The report, however, does not conflict with the basic principles of S.J. Res. 225. Congress would retain its authority to define certain budgetary terms after ratification as long as those definitions are consistent with the principles enunciated by S.J. Res. 225. Congress would not have discretion to define certain kinds of spending as outside the terms of the constitutional amendment, but it could switch our budget and accounting operations to an accrual system. Congress could also retain the current practice of allowing some income-producing Federal agencies to meet their income against their expenditures before counting their net outlays or receipt as part of the constitution's budget aggregates. This kind of statutory alteration would be accommodated by S.J. Res. 225 because no Federal programs would escape accountability under the terms of the Constitution. In fact, the entire section of the report discussed in this colloquy is designed to demonstrate that S.J. Res. 225 would accommodate current accounting procedures and definitions.

COLLOQUY ON MEANING OF "OUTLAYS"

Senator HEFLIN. The proposed constitutional amendment uses several important terms, including "outlays" and "receipts." The Senate Judiciary Committee report, particularly pages 42-3 and 46-53, set certain parameters for understanding these terms. During the floor debate, however, the Senate agreed unanimously to an amendment proposed by Senator Domenici, chairman of the Budget Committee, which added the word "total" before "outlays" and "receipts." Was the Domenici amendment intended to alter the explanation of those terms in the Senate Judiciary Committee report?

Senator HATCH. At the outset, I would like to express my appreciation to the Senator from Alabama both for his significant contribution to the drafting of S.J. Res. 225 and for his interest in clarifying any remaining questions about the intent of this constitutional amendment proposal. The direct answer to the Senator's question is "No." As I stated at the time of that amendment and in response to questions posed afterwards, the addition of the intensifying modifier "total" was intended only to underscore the principles contained in the committee report. In particular, the Domenici amendment underlines the language of the report on page 54 (and implicit in the definition of "outlays" on pages 42 and 49 and elsewhere throughout the report) that "all Federal spending and taxing programs be included under the constraints of the amendment. The recourse of taking programs off the budget should not be available as a way to avoid these constraints, and using a comprehensive measure of all governmental receipts and outlays eliminates that recourse."

Thus, the term "outlays" was not changed by the Domenici amendment and is meant to be understood precisely as described by the committee report. The addition of "total" was intended only to give textual support to the principles contained in the committee report describing the term "outlays." This intent was reiterated by Senator Thurmond on the Senate floor and is shared by the other prime sponsors of S.J. Res. 225.

Senator THURMOND. I, too, would like to express my appreciation to the Senator from Alabama for his contribution to S.J. Res. 225 throughout Judiciary Committee consideration and on the Senate floor. When we accepted this amendment, it was not our intent to deviate from the explanation given the terms "outlays" and "receipts" by the Senate Judiciary Committee report. In responding to questions about the intent of the Domenici amendment, I have quoted directly from the committee report on the pages mentioned earlier.

Senator DECONCINI. I agree completely with the views expressed by the chairman of the Judiciary Committee, the Senator from Utah, and the author of the amendment adding "total" to "outlays" and "receipts." I would note as well that at the time the Senator from Utah accepted the amendment on behalf of the sponsors of S.J. Res. 225, he quoted verbatim the language from page 42 of the Judiciary Committee report explaining the term "outlays" as indicative of our intent to uphold the report's language.

Senator SIMON. At the time the Domenici amendment was accepted, I concurred with the description of this change as making the committee report "explicit." I continue to share the views of my colleagues on this intent in adopting this addition to S.J. Res. 225. The addition of "total" was not meant to alter, but to guarantee, the principles contained in the report.

Senator HEFLIN. Is it correct to state that the addition of the word "total" was not meant to change the meaning of "outlays," but only to clarify that what was already in the report would apply to the term "outlays?"

Senator THURMOND. That is correct. I would note further that S.J. Res. 13, the other version of a constitutional amendment to require a balanced budget that was reported from the Senate Judiciary Committee on the same day as S.J. Res. 225, contains the terms "total outlays" and "total receipts," as did the balanced budget amendment that passed the Senate in 1982. The modifier "total" was not included in S.J. Res. 225 in the interest of an economy of words, but no different meaning was intended when S.J. Res. 225 emerged from committee. The addition of this term on the floor does not alter the understanding expressed in the committee report.

Senator HATCH. I share the view of the President pro tempore. Immediately prior to adoption of the Domenici amendment, I expressed that precise thought by stating that the addition of "total" would "make the amendment more clear." The Domenici amendment was meant to clarify, rather than alter, the meaning of "outlays." It merely clarifies and makes explicit the intent of the proposed constitutional amendment as expressed in the Judiciary Committee report.

Senator HEFLIN. I thank my colleagues for restating and clarifying their intent in offering and accepting the Domenici amendment. Since the committee report is authoritative on the meaning of "outlays" and "receipts," I would like to question my colleagues further on their understanding of the report.

On pages 42 and 49, "outlays" are described as including "all disbursements from the Treasury of the United States, either directly or indirectly through Federal or quasi-Federal agencies created under the authority of acts of Congress, and either 'on-budget' or 'off-budget'. With certain notable exceptions, outlays are those withdrawals subject to article 1, section 9, which provides that 'no money shall be drawn from the Treasury, but in consequence of appropriations made by law.' " The first sentence of this description seems all-inclusive; the second uses the word "exceptions." Reading the two sentences in conjunction suggests that the sentence containing the work "exceptions" should be read to mean that "outlays" encompasses more than just appropriations, not that it creates any exception in the concept of what constitutes an outlay. Is that correct?

Senator HATCH. The Senator is correct. Outlays are generally appropriated funds, but there are exceptions to that general rule. For instance, outlays includes as well entitlement payments to eligible beneficiaries, which are non-appropriated disbursements of Federal funds. Social Security benefits, for instance, are "outlays." It is appropriate to note at this juncture that the Senate confirmed this principle by rejecting an amendment which would have exempted Social Security from the terms of section 1 of S.J. Res. 225. The effect of this Senate vote was to ensure that no program, not even such a highly valued entitlement program as Social Security, would be exempt from coverage under the terms of S.J. Res. 225. As was stated during the debate on that amendment, S.J. Res. 225 would not harm Social Security or any other program in the slightest. Those programs would merely be brought within the terms of the proposed constitutional amendment. This means that S.J. Res. 225 would not alter Social Security in the slightest. Only Congress could, as it is free to do currently, change the laws governing Social Security—an extremely unlikely prospect.

Returning to the Senator's question, however, he is correct that this inclusive description of "outlays" notes only that the term includes more than just appropriated funds. It includes all disbursements—direct or indirect, "off-budget" or "on-budget"—made by any Federal or quasi-Federal entity or agency.

Senator SIMON. This is also my reading and understanding of this portion of the Judiciary Committee report. If outlays were described otherwise than in all-inclusive terms, any loophole in the coverage of S.J. Res. 225 would invite Congress to recast all new spending programs and perhaps many existing programs in terms that would fit the loophole. This could defeat the basic objective of bringing some accountability to the budgetary process.

Senator HEFLIN. This raises a further question concerning a sentence of the glossary definition of "outlays" found on page 49. That sentence states that "total budget outlays are stated net of offsetting collections, and exclude outlays of off-budget Federal entities." This implies that some off-budget outlays are not included in total Federal outlays. Could my colleagues explain this passage?

Senator HATCH. As the Senator's question suggests, there is no conflict between this sentence on page 49 and the principles we have just discussed. Some Federal entities engage in business-like endeavors that produce income. For instance, the Government Printing Office makes collections for supplying publications to citizens; the Postal Service charges for stamps. Under current accounting procedures described by the glossary, these entities are permitted to combine their collections and their outlays; only the difference is figured into the total budget outlays amount. In other words, the collections of these entities are offset against their outlays and only the net figure is computed as part of total outlays or receipts. Thus, these outlays are excluded from total outlays, but only because total budget outlays include the stated net of offsetting collections and off-budget outlays. Off-budget fiscal activities are covered by, and completely subject to, the terms of S.J. Res. 225 through this netting procedure. Offsetting collections and outlays are accounted for in the budget aggregates of S.J. Res. 225 just like any other Federal spending or taxing program. S.J. Res. 225 is flexible enough, however, to accommodate current accounting procedures which acknowledge that off-budget entities may net their collections and outlays before including their activities within the budget aggregates.

It is important to note that the sentence to which the Senator referred should not be misleading in context. On page 47, two pages before the sentence in question, the report defines and discusses the meaning of "offsetting collections." That definition states plainly that "offsetting collections are deducted from disbursements in calculating total outlays. Corresponding offsets are made in arriving at total budget authority and net obligations incurred."

Senator THURMOND. The Senator from Utah has correctly stated my understanding of this portion of the committee report. There should be no confusion about the term "offsetting receipts." This generally means that a Federal entity which raises money through its activities—like the Government Printing Office—can net its receipts or intake against its outlays or outgo. This permits easier accounting because only the net is counted within the budget aggregates. This does not mean that those incomes or outlays of the agency escape the budget process at all, but only that they are netted before being considered within the terms of S.J. Res. 225.

Senator HEFLIN. I am glad to have that explanation of the committee report by the chairman of the Senate Judiciary Committee and the chairman of the Constitution Subcommittee. It seems to me, however, that the report mentions a few exceptions to the concept of offsetting collections or offsetting receipts. Would the Senator elaborate on this distinction?

Senator HATCH. Some current receipts from proprietary activities undertaken by the Federal Government are offset directly against total outlays, without any netting operation. The report on pages 47 and 48 explains this concept under the heading "proprietary receipts from the public." This notes that offsetting receipts are generally offset against outlays by agency and by function and only the net is counted within budget aggregates. In a few narrow categories, however, such as rents and royalties for outer continental shelf lands, the receipts of Government proprietary activities are deducted directly from total outlays.

Senator HEFLIN. What is the status of borrowing and retirement of debt principal with respect to the terms "outlays" and "receipts?"

Senator HATCH. This was examined in a colloquy between Senator Simon and me earlier in this debate and is explained on pages 49 and 51 of the report. The gist of this discussion is that borrowing and retirement of debt are neither outlays or receipts.

Senator HEFLIN. The explanations in the report specifically refer to "present usage" of the terms "outlays" and "receipts" as found in "a glossary of terms used in the budget process (1984)." What if accounting procedures change, can the explanations offered by the committee report accommodate the future?

Senator HATCH. Page 53 notes that these terms are "defined by or to be defined by statute and, as such, have no constitutional standing apart from these statutory definitions. The intentions of the committee with respect to current concepts have been set forth (in the report). At the same time, the committee is sensitive to the likelihood that such concepts will undergo modification through time. Provided such modifications are not designed to subvert the restrictions on the Congress imposed by the amendment, but rather are designed to further those purposes, there is no intention that the meanings given here be immutable through time."

Thus, the committee report outlines in detail how the proposed constitutional amendment would accommodate current budgetary and accounting techniques by, among other things, permitting some Federal entities to net their receipts and outlays before reporting the effect of their fiscal activities on the budget aggregates. A future Congress, however, could elect by statute to alter some of these accounting techniques as long as the effect of that change would not allow some Federal entities or programs to escape the terms of S.J. Res. 225.

Senator HEFLIN. Could the Senator provide an example of how these explanations might be altered by future implementing statutes?

Senator HATCH. Yes, although I hasten to add that any alteration could be made by a future Congress. I can suggest some alterna-

tives that future Congresses might consider. Under current budgetary practices, a loan guarantee is not an outlay in the year in which the loan is guaranteed. Only in the event of default on that loan would it come within the term "outlays" because then the Federal Government would be making an expenditure. Irresponsibility in the extension of loan guarantees by a prior Congress could present a successor Congress with difficult budgetary decisions. In the future, however, as mentioned on page 53 of the report, "Budgetary decisions with respect to loan guarantees might be enhanced by including in outlays the present value of such obligations in the fiscal year of obligation, rather than in the fiscal year of discharge." This change would have to be a statutory change. S.J. Res. 225 does not require the adoption of new guidelines and procedures for the Federal "credit budget," but it would accommodate such future policies.

Similary, Congress could, as mentioned on page 53, elect to switch its budget and accounting operations to an accrual system. S.J. Res. 225 would accommodate that option.

Senator HEFLIN. On further point of clarification: On page 52, the term "total outlays" is described as the "total of all outlays, exclusive of debt repayment and certain other classes of outlays, for which the Congress reasonably can expect payment to be made by the Treasury . . ." could my colleagues provide an explanation of this sentence.

Senator HATCH. In the first place, it is important to note that the report on S.J. Res. 225 should not contain the term "total outlays." Although that term "total outlays" did appear in S.J. Res. 13, it did not appear in S.J. Res. 225 at the time the committee report was written. This misstatement, however, does not affect the validity of the passage quoted by my colleague because, as my colleagues and I have stated, "total outlays" and "outlays" are both adequately explained by the same language of the committee report. As we have noted earlier, some classes of outlays, under current budgetary practices, are not included within total outlays because they are offset by some proprietary collections or receipts and only the net is accounted for in the terms "total outlays" or "total receipts." This is the meaning of the sentence referred to by the Senator from Alabama. As his question suggests, the three pages prior to that sentence make clear that these are the classes of outlays mentioned as excluded from total outlays. Again, these classes of excluded outlays are in no sense divorced from accountability under the terms of S.J. Res. 225. Instead they are fully covered by those terms, but current netting practices are accommodated.

Senator DECONCINI. I concur in descriptions given by the Senator from Utah of these passages of the report. I might add, however, that these particular explanations only describe current budget practices and are designed to show that S.J. Res. 225 can accomodate current budgetary terminology and techniques. If Congress should perceive a need to alter these techniques, it would be free to do so as long as that reordering does not offend the basic principle that all Federal financial transactions must remain within the ambit of S.J. Res. 225. Otherwise Congress would once again lose control of the Federal budget. Restoring this control with the specific norm that outlays shall not exceed receipts, except in extradordinary circumstances, is the purpose of S.J. Res. 225.

Senator THURMOND. The Senator from Arizona has concisely summarized this matter. I agree with his statement.

Senator SIMON. I, too, would like to express my agreement with what has been said.

Senator MELCHER. The Commodity Credit Corporation offers non-recourse loans. I would like to discuss with my colleagues the effect of S.J. Res. 225 on this valuable tool for our farm policy. The CCC loans money to our farmers who pledge their crops as collateral for those loans. In the event of default, the Federal Government has no recourse against any other property of the farmer other than the commodity or crop pledged at the time the loan is obtained. Thus, when farm prices are lower than the loan amount, the farmer may retain the loan amount rather than redeeming and selling his crop. The CCC is then free to sell the crop on the market to recover as much of the loan amount as possible. How would these transactions be counted, as "outlays," "receipts," "offsetting receipts," or otherwise within the terms of S.J. Res. 225?

Senator HATCH. That would be entirely up to Congress. As long as the activities of CCC were accounted for within the budgetary process, as they are today, S.J. Res. 225 would be satisfied. For instance, Congress could count the initial loan amount as an outlay and the subsequent sale of the commodity as an offsetting receipt. Thus, only the difference would appear within the term "total outlays." To the extent that farmers sell their crops and pay off the loans, there would be no difference and CCC would have no outlays to include with budget aggregates. On the other hand, if CCC came to Congress and requested an appropriation, this could be included within the general term "outlays."

This is not the only way that CCC could be handled. It could be treated much as loan guarantees are currently handled, meaning that the loan amount would not be counted as either an outlay or a receipt unless default occurred. In the event of default, the loan would become an outlay which would be reduced by the amount of any offsetting receipts when the collateral was sold on the market. Congress would have several options for dealing with CCC under S.J Res. 225. The amendment itself does not prescribe how Congress treats this type of Federal credit transaction. Moreover S.J. Res. 225 itself does not and could not alter CCC in the slightest; only Congress could, as it is free to do now, change the laws governing CCC or Social Security or any other vital Federal program. That is an extremely unlikely prospect.

Senator MELCHER. On page 53, the committee report states: "With respect to the exclusion from receipts and outlays of those transactions involving 'proprietary sales to the public,' the consensus of the committee is that such transactions represent voluntary relationships between the Government and the people. As such, there is a presumption that these relationships reflect the individual's own determination that purchases of Federal goods and services offer to him a preferred alternative." CCC could fit this description. Farmers voluntarily pledge their crops to the CCC as collateral for a loan. Would this exclude CCC from "outlays" and "receipts?"

Senator HATCH. The term "proprietary sales to the public" is explained on pages 47 and 48 of the report: "such collections are not counted as budget receipts, and . . . are offset against total budget authority and outlays by agency and by function." In other words, these transactions are covered by S.J. Res. 225, but outlays by these are offset by income or collections generated by the service the agencies provide the public. The net of these agencies' outlays and receipts would then be included in the budget aggregates. This is precisely one of the options Congress could choose when accounting for CCC under S.J. Res. 225. This option would also still permit the CCC some measure of budgetary independence.

Senator MELCHER. It seems to me that many Government lending programs could be characterized as "voluntary relationships between the Government and the people" so as to "exclude from receipts and outlays" those transactions. Would these voluntary relationships be excluded from the terms of S.J. Res. 225?

Senator HATCH. The exact amount of voluntary collections and outlays involved in "proprietary sales to the public" would be excluded from "total outlays" and "total receipts" under current budget practices, but the net of those collections and outlays would be included either within "total outlays" (in the event outlays are greater than offsetting collections) or within "total receipts" (in the event offsetting collections are greater than outlays). Thus, these voluntary governmental proprietary transactions are still completely subject to the terms of S.J. Res. 225, but the voluntariness permits these agencies to use the alternative accounting processes involving netting. This is not an exception to the basic concept that all Federal spending and taxing programs are to be subject to the budgetary disciplines of S.J. Res. 225. There are no exceptions to that basic principle as further indicated by the Senate's vote to deny Social Security an exclusion from the terms of section 1 of S.J. Res. 225.

Senator SIMON. Having read the report, I concur completely with the explanation just given concerning the intent of both the report and S.J. Res. 225. The specific definition of "proprietary sales to the public" on page 47 makes clear that the principle of offsetting receipts governs these transactions. When the report uses the word "exclusion", it is certainly correct in context, but it would have been better to have said "separate computation" or some other term suggesting that the transactions of these off-budget entities are simply figured into "total outlays" at a different stage of the process, namely after a netting function.

Senator MELCHER. I thank my colleagues for this clarification. I seek only one more explanation. In the paragraph immediately following the one I have just read, the report notes that "such an exclusion is an invitation to the Congress to subvert the intentions of the amendment." Since offsetting collections and outlays are included within S.J. Res. 225, albeit at a different stage of computation, how could this accounting technique ever be abused? Why does the report include this next paragraph?

Senator HATCH. The intent of this paragraph is to ensure that Congress does not fall prey to the temptation of setting up elaborate procedures to escape "normal budgetary procedures." Let me give a hypothetical example. After ratification of S.J. Res. 225, Congress could set up a federal entity with the exclusive right to launch satellites. Due to its monopoly on this service, the Federal entity could levy exorbitant fees that would essentially amount to taxes. Congress could then direct the satellite

entity to use its revenues to fund a veteran's program or to subsidize an industry or for some other purpose. The entity's collections would still be offset against its outlays for the purpose of arriving at budget aggregates. If Congress had planned carefully, the net might even be near zero and these massive programs would not be scrutinized as part of the budgetary process at all. Nothing in the terms of S.J. Res. 225 prohibits this subterfuge, but it would nonetheless be a subterfuge employed to fund a veteran's program or to subsidize an industry in a manner that would otherwise be subject to normal appropriations and authorizations. Congress would have successfully shifted to a quasi-Federal entity the responsibility to care for programs that Congress ought to monitor itself. The intent of this paragraph is to counsel Congress not to evade regular budgetary accountability by throwing Federal programs into elaborate Federal charter funding arrangements.

The paragraph speaks about "exclusive franchises" and "operating without the discipline of competition" and "implicit taxing powers" because the only type of entity that could be used as a subterfuge for normal taxing and spending programs would be a Government monopoly. Any Federal entity subject to market forces would not be likely to generate sufficient surplus revenues to fund a program that otherwise "would have been organized within the Federal Government."

Senator HEFLIN. How would TVA be treated under S.J. Res. 225?

Senator HATCH. The Electric Power Program of TVA would not be covered by S.J. Res. 225. Since 1959, the financing of that program has been the sole responsibility of its own electric power ratepayers—not the U.S. Treasury and the Nation's taxpayers. Consequently, the receipts and outlays of that program are not part of the problem S.J. Res. 225 is directed to solving.

Senator THURMOND. I have listened carefully to this discussion and wish to express my complete endorsement of the explanations given. They represent my views about these matters as well.

Senator DECONCINI. I would like to commend my colleagues for raising these important points. They have helped to clarify the intent of S.J. Res. 225 and set in place a binding legislative history about the interpretation of the terms "outlays" and "receipts." I, too, agree with the answers given in response to these difficult, yet essential, questions.

Senator SIMON. Permit me as well to commend my colleagues and express my support for the answers given to these questions. We should all be grateful that these issues were raised and clarified.

Mr. HATCH. Mr. President, I yield such time as he may need to the distinguished Senator from Florida.

Mr. CHILES. I thank the distinguished chairman, the Senator from Utah.

Mr. President, this is an argument that has been going on for some time. There are great merits, I suppose, to arguing this on either side.

For a number of years, I felt as my good friend from Connecticut says today—that we should not change the Constitution to do this; that we should not need to provide in the Constitution that we should have a balanced budget; that it is an obligation and a duty of the elected representatives of the people; and that we should honor that obligation and that duty.

Mr. President, I think back to my earlier career as a creature of the State legislature of the State of Florida, where we did have to operate under a balanced budget.

Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. CHILES. As we would decide what we thought the priorities for spending should be, we could not leave the capital before we had faced up to the situation of how we were going to meet the funding for the programs we decided on. That meant in many instances that we had to raise taxes.

There was a certain constraint about that. If you were willing to vote the money to provide for additional spending, you had to be willing to pay for that additional spending before you could leave.

I remember coming to the Senate and thinking I was leaving the minor leagues and coming to the major leagues, and finding out here that you could spend for a program and you could leave and go home and you did not have to raise the money, because we had a little printing press up here and we sort of cranked out some bonds, some Treasury bills, and the Government would go into debt.

I recall that that concerned people when I was here in the early 1970's, because we were facing a deficit of $4 or $5 billion, and it went up one time to $16 billion, and the bond market almost collapsed. Goodness knows, there was a pressure, or it seemed like there was a pressure, to try to do something. But we never did balance it in those years.

However, lo and behold, if you look back to 1981, you see what began to happen.

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

Mr. CHILES. I yield.

Mr. SIMON. Mr. President, I commend the Senator. No one in this body had done more than my colleague from Florida in trying to move us in a sensible direction. He and our colleague from New Mexico have done that.

The Senator from Florida just made a point that I think has been forgotten in this debate, and that is our ability to print money. If we do not have this kind of restraint, what we are likely to do is to keep on piling up these deficits, and then the pressure is on the Federal Reserve Board to print money to solve the situation.

Mr. CHILES. Absolutely.

Mr. SIMON. It is the worst possible answer.

Mr. CHILES. We have seen the results of that when we went into double-digit inflation, when we went into double-digit interest rates, and we saw what that did to the economy, and we saw what the Fed finally did to correct that situation. They stopped the printing press, and when they did, we went into a recession and it almost became a depression.

Mr. SIMON. I commend the Senator from Florida. As usual, he makes eminent good sense.

Mr. CHILES. Seeing that happen and seeing the failure of discipline on the part of Congress has changed my mind. I will have to say that it has been persuasive to see what was happening in the States, when we see State legislature after State legislature calling for a constitutional convention to require a balanced budget.

I can think of nothing worse than finding ourselves in a constitutional convention, if we think of the Constitution as a hallowed, sacred document, which I do. If we think it should not be tampered with, we should not get into a constitutional convention, which legal scholars believe might well open up every subject for that constitutional convention, as opposed to having a narrowly constructed amendment that says you must balance your budget.

Mr. President, I think that is terribly important, also, because for the first time it would require us to set our priorities on a better basis.

When we passed the Budget Act, I thought that was going to be the provision that would give us the discipline we need, would allow us to assess at the beginning of the year how much revenue we were going to take in, would allow us to look, at the beginning of the year, at the sources of money and where we should be spending that money, and come up with a blueprint to guide us toward a balanced budget.

I will say that while I think the act has been persuasive, it has not brought about the discipline, because the will was not there. We also were working at times with an administration that did not care whether they balanced the budget, and that worked against us.

Mr. President, I think the time has come. We should take this additional step. If we want to preserve the Constitution, if we want to preserve the Republic, we have to do something. We cannot have another trillion dollars added to the national debt every 4 or 5 years, as we have seen happen now. I think this discipline needs to be taken; we need to take it now. I urge the adoption of this amendment.

The one thing I was concerned about was to make sure we would do it. The committee and the chairmen have accepted an amendment I have that requires that we implement this. The worst thing we could do is to have a constitutional amendment such as the

Byrd amendment, which was passed some years ago but was honored in its breach rather than following through. So, with the adoption of the amendment that requires that Congress do this, I support the constitutional amendment. Congress must implement it. I think it will be the discipline we must have if we are going to put our fiscal house in order.

Mr. MATTINGLY. Mr. President, I rise to support the balanced budget amendment. Let me first pay tribute to the President pro tempore of this body for his many years of hard work to pass this amendment. Others deserve praise for their important contributions to this effort including Senator HATCH, the chairman of the Constitution Subcommittee, and several Senators from across the aisle including the Senators from Arizona, Alabama, and Illinois.

We need to restore fiscal sanity to the spending practices of the Federal Government. It is obvious to every reasonable observer that the Government's current methods of operating are a failure. Change must come and will come. The public will no longer tolerate the failure of Congress to balance the books of the Federal Government.

The answer to our deficit problem is to hold the line on Government spending until our steadily increasing revenues catch up. There is no need for huge tax increases. We are spending more this year than last year. We are hearing the usual cry about budget cuts this year. But when the budget resolution is finally adopted later this year, Government spending will still have increased.

The balanced budget amendment is not the panacea for all our spending woes. There is still a need for a line-item veto to give the President a tool to root out waste in our huge appropriations bills. There is still a need for the President to be given an enhanced recision process. These are just a few of the changes that we need to make. The one course of action that is indefensible is to maintain the status quo.

So, I strongly support the balanced budget amendment and urge my colleagues to vote for it. I believe the States will ratify it in record time because of its overwhelming support at the grass roots level. It is time we stopped paying lip service to the deficit spending problem we have here in Washington. It is time to begin taking action to restore order and sanity to the Government spending process.

Mr. DENTON. Mr. President, I rise today to voice my support for Senate Joint Resolution 225, the Balanced Budget Constitutional Amendment, as amended by the substitute amendment offered by my distinguished colleague, Senator THURMOND of South Carolina, for himself and others, whom I have joined as a cosponsor.

As support for the amendment has grown, I have been impressed by the urgency and the importance that millions of Americans attach to its passage. On the whole, I believe that American taxpayers are disappointed and frustrated that, year after year, the Congress has failed to balance the Federal budget. Their frustration is shown by the 32 State legislatures that have adopted resolutions urging the Congress and the President to bring the Nation's budget into balance.

At long last, the moment has come when the Congress can respond to the frustrations of American taxpayers by thoroughly debating, and then passing, the Balanced Budget Constitutional Amendment.

Senate Joint Resolution 225, as amended, would amend the Constitution to require that expenditures of the Federal Government for any fiscal year shall not exceed receipts for that year, unless three-fifths of both Houses of Congress approve of a specific excess of expenditures over receipts. Additionally, the amendment would require that before taxes could be increased, a majority of the whole number of both Houses would have to vote for the tax increase. This latter provision would make Senators and Representatives accountable to their constituents for any tax increase.

Mr. President, those who question the efficacy of a balanced budget amendment have raised two primary arguments in opposition to it. First, they argue that it would incorporate into the Constitution a rigid, and therefore economically unsound, fiscal policy. Second, they argue that amending the Constitution is too drastic a way to address the problem of spending.

I believe, however, that both arguments fail because they do not take into account the dual crises that our Nation faces: The economic crisis that threatens to destroy our historic high levels of productivity, and the crisis of confidence that results when average citizens lose faith in the ability of their government to exercise discipline in matters of taxing and spending.

I recognize that men and women of good will can disagree about specific provisions of the amendment. I also realize that there are wide philosophical and political differences about the question of how much spending the Federal Government can and should undertake.

The notion, however, that it is improper to reestablish the principle that Federal expenditures should be no greater than the Federal revenue is preposterous. It is only in recent years that the Congress abandoned the requirement of our "unwritten constitution" for a balanced budget. I do not believe that the American people will continue to tolerate the near tyranny of higher and higher rates of Government spending and taxation.

From a practical standpoint, we should recognize that the amendment is not an attempt to write a particular theory of economics into the Constitution. As Professor Scalia of the University of Chicago has pointed out, the legislative requirements of the amendment "do not require any particular economic course," such as a balanced budget with no increase in taxes, "but merely specify the procedures to be followed when that course is abandoned." I believe, however, that it is clear that this amendment rightly establishes a bias in favor of a balanced budget with no increase in taxes. That is an appropriate national goal, which happens to be a popular one as well. It is one that the amendment can help us to attain without placing our public budget in the straitjacket of inflexible economic theory.

I must emphasize again that I believe that we face a crisis of confidence on the part of the American public. Most taxpayers simply do not believe that the Congress has the willpower to cut spending and balance the Federal budget. The mistrust appears well founded when one reviews the history of statutory efforts to reform the budget process and restrain spending. Alvin Rubushka of Stanford University presented such a review in a monograph prepared for the Taxpayers' Foundation. He said:

> In the Humphrey-Hawkins Full Employment Act, a balanced budget was declared to be a national public policy priority. An amendment by Rep. (now Senator) Charles Grassley and Senator Harry Byrd, Jr., to an IMF loan program measure was enacted into law and requires that, beginning with FY 1981, total budget outlays of the Federal government "shall not" exceed its receipts (P.L. 95-435). In 1979, a provision in a measure to increase the public debt limit stated that "Congress shall balance the Federal budget" (P.L. 96-5), which required the congressional budget committees to propose balanced budgets for FY 1981 and subsequent years. None of these measures has effectively constrained deficits.

I strongly believe that the prudent and responsible management of public funds is a fundamental governmental and political requirement. The reestablishment of the balanced budget principle is a "broad and enduring ideal" that is worthy of inclusion in the document that establishes the basic structure of our Government. I am afraid that simple statutory approaches to reasserting that important principle will fail like their predecessors. Only the enactment of a constitutional amendment will explicitly mandate fiscal responsibility and be enforceable by and on future Congresses.

I urge my colleagues to join in the effort to balance our national budget by placing a requirement to that effect in the fundamental law of our land.

We need to do that for our benefit and for succeeding generations who will otherwise bear the burden of our profligacy and irresponsibility.

Mr. HATCH. Mr. President, I want to compliment Senator SIMON for his wonderful article in the St. Louis Post Dispatch on March 23, 1986, entitled "To Compel A Responsible Fiscal Policy." I ask unanimous consent to have this excellent article by Senator SIMON printed in the RECORD.

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

[From the St. Louis Post-Dispatch, Mar. 23, 1986]

TO COMPEL A RESPONSIBLE FISCAL POLICY

(By Paul Simon)

Three-digit budget deficits are garish evidence of flawed fiscal policies. But the real harm done by our massive federal deficits shows up in other figures: the alarming sums we now spend on interest to finance that debt.

It is painfully and acutely clear that Congress and the president need the discipline of a balanced budget amendment to the Constitution to make responsible fiscal policy the rule and not the exception.

For the first time in more than three years, and probably for the only time in the 99th Congress, the U.S. Senate will vote on a balanced budget amendment in the days ahead. Two Republican senators and a Democratic colleague have joined me in offering a simple, clear and direct balanced budget amendment that is a great improvement over earlier versions. I also found broad, bipartisan support for it in more than 140 town meetings last year across Illinois.

Our amendment is not burdened with language tying federal income to a percentage of national income—a serious flaw in an earlier version that now has been shelved by the Senate. Once enacted, our plan would take effect in five years, when Gramm-Rudman-Hollings expires, and would require roll-call votes on tax increases.

The danger of our huge interest payouts cannot be overstated. Consider these facts:

This year the gross expenditure on interest will be $181 billion. That is $500 million each day. I can remember back to fiscal 1962 when we had a total federal *budget* of $100 billion.

Interest expenses have risen 240 percent since fiscal 1980, climbing to third place in the budget, behind Social Security and defense. Economists predict that interest will top the list in just a few years, doubling every four or five years after that and squeezing out our ability to respond to domestic needs, to defense needs, to our entire national agenda.

The national debt stands today at $2 trillion, half of that added in the last four years alone.

We have moved in three years from being the No. 1 creditor nation to being the No. 1 debtor nation. This year 60 percent of the deficit is going to have to be purchased by people and groups outside the borders of the United States.

To pay $181 billion for interest this year, we are taking primarily from people of limited income and giving to those of substantial income, a government-sanctioned redistribution so immense that no feudal lord of the Middle Ages could have dreamed of anything like it.

We are also shifting our burden to future generations. When we run deficits of this size we are living on a giant credit card and sending the bill to our children and grandchildren. Our children will pay not only for the programs we did not want to pay for ourselves, but they will also have to pick up the interest tab. Spending half or two-thirds of the budget on interest for their parents' debts means we and our children will not have adequate resources for education or health care or defense or other needs.

One of the ironies of the present situation is that people who call themselves liberals have somehow been moved into a position of supporting huge deficits and a policy that will make it less and less likely that this government can respond to the real needs of our people and their future. I am sometimes tagged with the term "liberal," but it certainly does not include supporting policies that rob hope from the future of our country.

And for people to oppose a constitutional amendment that stops a practice of redistributing wealth—taking from those least able and giving to those most wealthy—is totally inconsistent for those who call themselves liberal.

We can't continue these trends for long. You can argue that someone could be better off one year from now through deficits of this size, but no one can argue that 10 years from now any of us are going to be better off. Whatever your political party or philosophy, it does not make sense to spend an increasing share of our tax dollars on interest rather than on goods and services.

We need a constitutional amendment that would prevent us from wading, year-by-year, into the kind of fiscal thicket that has brought us triple-digit deficits and more ominously, the flush of more and more budget dollars down the interest drain.

BALANCED BUDGET AMENDMENT

Section 1. Outlays of the United States for any fiscal year shall not exceed receipts to the United States for that year, unless three-fifths of the whole number of both Houses of Congress shall provide for a specific excess of outlays over receipts.

Section 2. Any bill to increase revenue shall become law only if approved by a majority of the whole number of both Houses of Congress by roll-call vote.

Section 3. The Congress may waive the provisions of this article for any fiscal year in which a declaration of war is in effect.

Section 4. This article shall take effect in 1991 or for the second fiscal year beginning after its ratification, whichever is later.

Mr. KERRY. Mr. President, I oppose Senate Joint Resolution 225, the proposed constitutional amendment for a Federal balanced budget. In my judgment, this legislation is unwise and unnecessary.

I have listened with great interest to the debate on this proposal over the past days. I have been particularly impressed with the reasoning presented by two of my distinguished colleagues who are themselves former Governors of their respective States—the distinguished Senator from Washington, Senator EVANS, and the distinguished Senator from West Virginia, Senator ROCKEFELLER. Both Senators bring a wealth of experience to this discussion, and a perspective which is valuable to all of us in this body.

I must add that I have also listened with great interest to the arguments put forward by my distinguished colleague from Illinois, Senator SIMON, in favor of this amendment. I have great respect for the Senator from Illinois. As he well knows, we very often agree on the issues which we are called upon to conside in the U.S. Senate. We usually agree more than we disagree. PAUL SIMON is indeed a voice of reason in the U.S. Senate, and I know that all of my colleagues share in my respect for him. And I am in agreement with my distinguished colleague from Illinois on the desirability of an effort to move towards a balanced budget on the Federal level, and on the danger of uncontrolled deficits. But, in this case, we disagree on the best means of achieving our common goal.

Several questions have been raised with regard to the current proposal for a constitutional amendment to balance the budget. One of the most fundamental questions is: Since State and local governments have to live by the rule of a balanced budget, why should the Federal Government not have to abide by the same rules? I believe that the answer to this question has been ably provided by Senators EVANS and ROCKEFELLER, speaking from their experiences as former State Governors. I do not have that experience to draw upon, but I do have some experience of my own as Lieutenant Governor of the State of Massachusetts from 1983 to 1984. And I would like to add some observations to those that have already been offered by my colleagues.

To compare State and local government balanced budget requirements to the balanced budget requirement in the present legislation is, in a sense, like comparing apples and oranges. This is true because the accounting procedures used by State and local governments are very different from those used by the Federal Government. State and local balanced budget requirements apply only to operating expenses. Capital outlays are not covered by these requirements, and State and local governments usually borrow to meet these expenses. Many businesses and municipalities have two budgets—an operating budget and a capital budget. Salaries, interest payments, and other current expenses offset by sales or tax revenues are part of the operating budget, while expenditures which are financed by long-term borrowing are placed in a separate capital budget. If local governments and municipalities used the Federal accounting practices, many local governments would in fact be guilty of deficit financing.

In fact, from 1960 to 1980, State and local governments increased their borrowing at a faster pace than did the Federal Government. During that period, State and local debt outstand-

ing rose at a rate of 8.3 percent per year, while Federal debt outstanding rose at a rate of 7.4 percent per year.

There is another major difference between the budgets of State and local governments, and those of the Federal Government. This lies in the nature of the Federal budget. The Federal Government cannot be oblivous to the effects on the economy of its budgetary actions. Whereas a State or local government can bring its budget into balance through a rise in taxes, or a cut in expenditures, without jolting the entire economy, the Federal Government cannot do so. If the economy begins to decline, unemployment rises, and incomes go down, and the Federal budget deficit increases as revenues decline and spending increases. Under these conditions, attempts to balance the budget by raising taxes or cutting spending will draw needed purchasing power from an already weak and slowing economy. An economic slowdown could turn into a recession, and a recession into a depression.

Because the Congress has already taken steps to reduce the deficit in a measured and resonsible way through the passage of the Gramm-Rudman-Hollings legislation, I do not believe that these conditions will come about in the forseeable future. But precisely because we have already taken steps to deal with the deficit through Gramm-Rudman-Hollings, the present legislation to require a constitutional amendment to balance the budget is unnecessary.

No Member of this body feels more strongly than I do about the necessity to reduce the Federal deficit. It was for this reason that I cosponsored, and voted for, the Gramm-Rudman-Hollings legislation last year. I did so because it is vital that we take action immediately to begin to reduce the Federal deficit. But I do not believe that passing a constitutional amendment is the way to reduce the deficit, or to balance the budget.

Under President Reagan, the Federal Government has run up the biggest deficit in our Nation's history. That deficit now stands at over $200 billion. During the same period, President Reagan has also doubled the national debt. By adding $1 trillion in deficits to the Federal debt, President Reagan has done in 5 years what it took 39 previous Presidents 190 years to do.

Since President Reagan took office, almost $500 billion in outlays has gone to pay interest on the national debt. This money comes right off the top of the budget. It is money that is unavailable to pay for meals for the elderly, or protecting the environment, or education, or nutrition for infants, or for other worthwhile programs which have lost ground under the current administration.

We can no longer tolerate the buildup of the Federal debt by spending $200 billion more per year than we take in through revenues. The burden of Federal deficits, and the necessity of financing the Federal debt, threatens the quality of life in this Nation not only for our generation, but for our children as well.

Let us be clear about it—we need to reduce the Federal deficit, and prove our ability to manage the budget. That is why we passed Gramm-Rudman-Hollings, and that is the direction in which we are now moving. By passing Gramm-Rudman-Hollings, Congress has shown its resolve to deal with the deficit. We have recognized the reality that we need to make hard choices, and set national priorities. We are now making those choices, and establishing those priorities. We have taken action to reduce the deficit, and the economy has already begun to respond. Interest rates are down, the stock market is up, the trade balance is becoming more favorable, and the deficit shows signs of declining.

Most important of all, we have restored confidence in the American people that we in the Congress are serious about reducing the Federal deficit, and we have begun to take concrete action to do it. We have started a process of reducing the deficit responsibly, while protecting those who need help, maintaining a strong national defense, and preserving flexibility in our economic planning for the future.

Unhappily, Congress was forced to take the drastic measures contained in Gramm-Rudman-Hollings to deal with the problem of the Federal deficit. But I do not believe that the answer to the problem lies in the passage of a constitutional amendment to balance the budget.

The question could be asked—if you support Gramm-Rudman-Hollings, why do you not also support a constitutional amendment to achieve the objective of a balanced budget. Let me point out several of the differences between the two measures. First, Gramm-Rudman-Hollings is a statute which is amendable by future Congresses. It can be adapted as circumstances require. Senate Joint Resolution 225 cannot be amended without initiating the long process of ratification by the states, which can take a decade or longer.

Second, Gramm-Rudman-Hollings, as passed by the Congress, is a complex piece of legislation which is 70 pages long. It deals with a myriad of problems which necessarily occur in the process of reducing the Federal deficit by approximately $200 billion over a period of 5 years. By contrast, Senate Joint Resolution 225 is only four paragraphs long. As a constitutional amendment, it is necessarily vague, and provides no guidance as to how deficit reduction is to occur, and how the process is to be enforced. The legislation which we passed last year creates a fine-tuned and orderly process for reducing the deficit. The legislation which is before us today creates no such process, gives us no guidance as to how to go about reducing the deficit, and is an invitation to chaos in the budget process.

Third, Gramm-Rudman-Hollings sets priorities by providing exemptions for certain programs while providing special protections for others. It totally exempts Social Security, and the basic low-income safety net programs such as nutrition for women, infants, and children. These exemptions were a fundamental condition of my support for Gramm-Rudman-Hollings. I insisted that these vital programs be fully protected before I agreed to give my support as a cosponsor of the legislation. The bill also limits cuts in Medicare and cost-of-living programs such as black lung, student loans, and Federal civil service retirement.

By contrast, Senate Joint Resolution 225 makes no such exemptions. Social Security would be cut, and programs such a black lung and Medicare could be gutted. There are some who believe that part of the reason that some of my colleagues are supporting this legislation is that they would like to be able to make cuts in these protected programs in the future, if the present bill were to pass and become law. I am determined to ensure that we in this body keep our covenant with the American people, to protect Social Security, to preserve Medicare, and to maintain the social safety net programs which have already been ravaged by President Reagan over the past 5 years. This is an additional reason why I oppose the present legislation.

Fourth, Gramm-Rudman-Hollings is enforced by action of the executive through a sequester order, or, if that procedure is held unconstitutional, through congressional passage of a package of across-the-board cuts. In either case, enforcement is still left to the elected branches of the Federal Government that have the expertise and flexibility to deal with budgetary matters. By contrast, a constitutional amendnent would be eventually enforced and interpreted by the judicial branch.

Balancing the budget is the responsibility of the President, and of the Congress. It is not properly the responsibility of the judiciary, which is unelected, and unequipped to deal with those issues.

We in the Congress took responsibility for reducing the deficit and balancing the budget last year when we passed Gramm-Rudman-Hollings. It would be a mistake for us to turn around now and abdicate that responsibility by turning over responsibility to the judicial branch, and asking them to do our work for us. If we pass

a constitutional amendment to balance the budget, all sorts of spending measures may become the subject of lawsuits and injunctions, with a disruptive effect on the budget process. This is an undesirable and unnecessary result.

In addition, a constitutional amendment to require a balanced budget is unwise, because it removes a necessary element of flexibility from our economic planning. If such an amendment had been in existence in 1933, when President Franklin D. Roosevelt took office, he would have been unable to take emergency measures to strengthen and restore the economy.

I believe that we in the Congress have a responsibility to preserve the economic tools necessary to deal with changing economic cycles, with national emergencies, and with times of war. I do not believe in deficit spending as a way of life. But it would not be wise policy for us to tie our hands in such a way as to remove all flexibility from the budget process. I am concerned that the proposal before us today would be inflexible and unworkable, and would cause more problems than it would solve.

I am also concerned by this amendment because I believe that it is a mistake to attempt to make the Constitution into a piece of legislation, which is what this bill in effect would do. The nature and length of this amendment is an indication of what happens when we attempt to tamper with the Constitution. The result is neither sound legislation, nor is it consistent with the nature of our Constitution.

It is ironic that many of those who are fond of urging adherence to the "original intent" of the framers of our Constitution are the same people who are quick to urge that the Constitution be amended. Many of the same people who are proponents of this particular amendment are also advocates of constitutional amendments to deal with issues such as busing, abortion, and school prayer. I, for one, am a conservative when it comes to the U.S. Constitution. I like the Constitution the way it is. I do not believe that it needs to be amended to deal with every social problem which confront us. We do not need a constitutional amendment to balance the budget. The Constitution already provides us with the authority to balance the budget. What has been lacking is the political will to do so. Now that Congress has shown that will, there is less reason than ever for us to tamper with the U.S. Constitution in a misguided effort to require a balanced budget. The Constitution has served us well for 200 years Let us leave it intact, and get on with the business of reducing the deficit in a responsible manner.

Mr. MITCHELL. Mr. President, I will oppose this proposal to amend the Constitution in a way that purports to require a balanced budget.

The appeal of this and other proposals which are supposed to result in a balanced budget is obvious. All of us, supporters and opponents of the proposal alike, want to see our budget in balance. Amending the Constitution to proclaim that result is the kind of simple, dramatic step which seems to say that Congress is serious about the matter. That is its appeal.

But many proposals which are appealing in their simplicity are bad in practice. This is one.

The amendment would require that any budget in which outlays are higher than receipts be approved by three-fifths of the Members of each body of Congress, elected and sworn. This is, or course, a different and higher standard than three-fifths of the Members who are present and voting.

It would require that a majority of the Members of each body of Congress, elected and sworn, be required to pass any law that raised receipts.

It would permit these requirements to be automatically waived in any fiscal year in which a declaration of war was in effect.

And last, it would require a three-fifths vote of the Members of each body of Congress, elected and sworn, to increase the public debt of the United States.

During a week of debate, all of these provisions were exhaustively examined, and each of them raises more questions than it answers.

First is the enduring and insurmountable problem of all balanced budget constitutional amendments, which is that any budget is an estimate of future events.

A budget is, in essence, our best guess of how much money the tax system will raise, how much different programs will cost, and how expensive any natural disasters might be in the coming year.

It is based on our best estimate of how many people will be employed and paying taxes, how many people will be out of work and collecting unemployment insurance or taking early retirement and their Social Security benefits, and how or where a flood or earthquake or other disaster may occur. All of these events dictate how much money will come into the Federal Government in taxes and how much will be spent. But none of these factors can ever be known with precision before the event.

Congress cannot predict these things with accuracy. Nor can anyone else. All budgetary and economic projections of the past decade have been wrong.

Even a small error—an error of 1 percent—in a trillion dollar budget produces a deficit of $10 billion dollars. In most cases, budget projections have been wrong by much more than 1 percent.

The proposed amendment says nothing about how such a mistake or miscalculation is to be rectified. Supporters have said that this is a detail to be worked out in the future, by a future Congress.

Also in common with similar proposals, this proposed constitutional amendment uses words that must be legislatively defined. Words such as outlays, receipts, and fiscal year have no constitutional definition. Congress can and has changed the fiscal year in the past. A future Congress can change it again.

Outlays and receipts are also to be defined by the Congress. But what one Congress defines another Congress can redefine by simple majority vote.

For example, under current budgetary usage, outlays are not something that Congress controls at all. Outlays are the spending result of budget authority that Congress has previously enacted. Indeed, under the present structure, Congress has no power to slow the speed at which the Defense Department, for example, decides to spend its funds. So an unbalanced budget could come about as a result of spending decisions made by the executive branch.

Under the terms of this proposal, receipts are intended to include all funds, from whatever source, that are raised by any public authority, whether it is the Treasury Department, the Social Security trust funds, or public power authorities such as the Tennessee Valley Authority.

So under this balanced budget proposal, receipts to the Social Security trust funds, which cannot by law be spent for any purpose except Social Security benefits, would nonetheless be counted as "receipts" against which spending could take place.

This is particularly significant, because by the 1990's, the Social Security trust funds are expected to be running surpluses in the area of $70 billion and perhaps more. These are intentional long-range surpluses designed to be accumulated in order to offset the revenue drop that will occur when the baby-boom generation starts to retire and collect its own Social Security benefits.

Current law now calls for the Social Security program to be removed from the unified budget in 1991 so as to ensure that those long-range surpluses do not become a means to offset other spending on paper. But under the balanced budget proposal, it is questionable if Social Security trust funds could be treated separately, even though the money is earmarked for future benefits.

These definitional ambiguities alone make this proposal unacceptable. In addition, because each Congress could

define and redefine the meaning of the various terms, it is an invitation to dishonest budgeting. That is not something we should write into the Constitution.

The language in this proposal which requires a majority of all elected Members, referred to be some as a "supermajority," for any vote to raise revenues does not contain a similar requirement for any vote that loses revenues. If this proposal were, in fact, intended to prevent unbalanced budgets, then proposals that reduce taxes as well as those which increase them should require equally high majorities.

In practice, however, this language means that the Congress could pass an immense special interest tax loophole by a voice vote, but it could not raise the price of duck stamps without a recorded vote of an absolute majority of all those elected and sworn to office.

That is not a sound approach to balancing the budget.

The provision in this proposal that would allow a waiver of the requirement in the case of a declared war fails to recognize that, since World War II, no military emergency has resulted in a formal declaration of war. Under this amendment, the Korean war and the Vietnam war were not wars. There were, however, indisputably costly military conflicts.

Under this language, therefore, Congress would be in the position of voting declarations of war for such military operations—and the national security implications of such an approach are self-evident—or we would be in the position of requiring an absolute three-fifths of both Houses to agree to finance the military emergency by waiving the budget requirement.

It is not hard to see how a relatively small group of votes could be used in such a situation. The three-fifths voting requirement has the effect of giving each absent vote the same weight as a negative vote. The Constitution does not now allow any Member of Congress to affect the deliberations when he or she is not present. But under this proposal, absentees would count as much as negative votes.

It has been calculated that because Senators represent States, not population, 40 Senators from the low-population States, whose total population is barely over 10 percent of the national population, could dictate budget policy for the entire country.

Whether or not an outcome is likely, the structure of voting that grants disproportionate weight to absentees makes it clear that a relatively small number of Members could exert substantial influence over the workings of the Congress on an annual basis.

I also question the logic of a proposal which makes it more difficult to raise revenue or approve a deficit than to declare war. There are few actions as serious to the fate of a nation than the declaration of war, a fact acknowledged by the seriousness with which Congress has always treated such declarations and the rarity with which they have been approved.

Granting to the annual budgeting exercise a standing that sets it above the seriousness of a declaration of war trivializes the Constitution.

The additional requirement of a three-fifths majority to raise the public debt ceiling is not, as its supporters claim, a means of enforcement. It is simply another hurdle to responsible fiscal operations. Raising the debt ceiling, after all, is an action taken after the fact.

Congress increases the debt ceiling to finance the commitments that have been made—not to provide for future commitments. If we enact this hurdle to rational fiscal operations, we will cast doubt on the validity of virtually every public commitment of the Federal Government.

Banks which now provide guaranteed loans to farmers and students will be forced to question whether Congress will maintain the funding levels required to make good on the loan guarantees. They will either get out of the business of making such loans, or they will increase the costs of those loans to insure against the risk of congressional failure to muster the necessary three-fifths vote.

The final question which this proposal does not answer is the question of enforcement. During the debate, some of its supporters indicated that the Federal courts would become the final arbiters of actions taken by Congress under this constitutional provision, just as the courts now determine the constitutionality of other congressional enactments.

Other supporters claimed that the courts would not become involved because of questions of standing, justiciability, and the fact that budgetary questions are, by their nature, political questions, which the courts have traditionally not attempted to adjudicate.

But the amendment's supports cannot have it both ways. Either this language is enforceable or it is not—and to be enforceable it must be enforceable against the Congress, since Congress retains the taxing and spending powers. If it is not enforceable against the Congress, then it is not enforceable at all, but simply a statement of intent. We should not be writing statements of intent into the Constitution.

But on reading the proposal in conjunction with the Constitution, of which it would be part if it were ratified, it seems to me that aspects of it may well be enforceable against Congress in one way, and that is through Presidential veto.

The language of the proposal requires that any budget deficit be approved by both Houses of Congress by a three-fifths vote. There is no question that the three-fifths requirement would force this to be a rollcall vote. There is no doubt on the face of it that this vote would be constitutionally required—that is, a necessary vote. It could not be waived. The requirement to balance the budget could be waived, but the need to do so by vote and to provide for the amount of the deficit could not be waived.

Although supporters have said that this vote would take the form of a concurrent resolution, it seems to me that they are granting to a concurrent resolution, which is essentially an internal congressional housekeeping form of enactment, a standing that it does not have. The concurrent resolution is nowhere described in the Constitution. It has no constitutional sanction. And its historic use as a vehicle for the transaction of matters solely within the prerogative of both Houses of Congress lends weight to that conclusion.

But although the Constitution is silent on concurrent resolutions, it is not silent on the command that:

> Every order, resolution or vote to which the concurrence of the Senate and House of Representatives may be necessary shall be presented to the President of the United States; and before the same shall take effect, shall be approved by him, or being disapproved by him, shall be repassed by two-thirds of the Senate and House of Representatives . . .

The first section of the proposal before us, therefore, commands an outcome, a balanced budget, provides for a waiver of that outcome by a three-fifths vote, and does so in terms that appear to mandate something like a budget resolution because it asks for a specific excess of outlays over receipts. As a practical matter, the only way to achieve such a specific excess is to measure outlays and receipts against each other. That is, practically speaking, what a budget resolution does.

But further, because this would be a constitutional requirement, either that fact would make the vote a necessary vote, requiring the outcome to be presented to the President, or the language of article I, which requires presentment as a constitutional prerequisite to take effect seems to me to give rise to a strong case for a Presidential assertion of a right to veto any budget deficit proposed by the Congress.

Whether this is intentional or not, nothing in the debate so far has persuaded me it could not occur. And of course the President's veto power is bridled only by a requirement that he accompany his veto with an explanation. No further requirement is placed on him.

It does not take a great deal of imagination to wonder if a budget developed by Congress which included, for instance, too little in the way of defense spending, or too much for dis-

cretionary domestic spending, or raised revenues, or cut revenues too much for the preference of a President, could be vetoed, since nothing in this constitutional amendment affects the veto power.

I do not believe it is adequate to enact a constitutional amendment that may entail such a potentially massive shift in the balance of powers between the executive and legislative branches without far more assurance that such an outcome would not occur.

I will, accordingly, vote against this proposal.

Mr. LEVIN. Mr. President, this debate on the constitutional amendment to balance the budget is a debate about methods and not about goals.

I supported and actively participated in the formulation of the Gramm-Rudman balanced budget law because I believe that huge Federal deficits present a serious threat to our long-term economic prosperity and to vital programs. We must take firm and disciplined action to get a hold on those deficits and to eliminate them. Gramm-Rudman is a process by which we can accomplish that. We can do it in a way which has the discipline to keep us on the right path, but which still retains the flexibility to act expeditiously and make a detour if that is what the national interest requires. It is a good balance, and it is such a balance which is necessary for practical governing.

If the Gramm-Rudman law turns out to be flawed in its current form, then it can be amended through the normal legislative process. We all know that the process itself can be tortuous and long. But, when faced with an overriding national need, it can work within a matter of hours or days.

Now, we have before us a constitutional amendment relative to a balanced budget. I doubt there is anyone here today in this body who would claim to be certain that there will not be a need to further change this amendment once it is ratified and is made part of the Constitution. The average time it takes to ratify a constitutional amendment is about 2 years, where the amendments have been successful. Are the Members of this body really ready to write into the Constitution a provision affecting an issue as fluid as economic policy, knowing that if there is a need to modify that provision it could take longer than events and the national interest would allow?

The problems with this constitutional amendment are not limited to the fact that it seeks to do by a constitutional provision something which should be done by statute. Under its own terms, this amendment is flawed.

First, it puts in the hands of Senators representing a tiny minority of the population the power to determine decisions on spending which affect the entire Nation. According to the amendment, outlays could not exceed receipts unless three-fifths of both Houses of the Congress agreed. In the case of the Senate, this means that 41 Senators—representing as little as 10 percent of the population—could have a veto over whether spending will exceed revenues. We all know that our political system seeks to balance majority rule and minority rights, and this is appropriate. However, this three-fifths requirement tilts that balance too far in the direction of minority rule over crucial spending decisions.

Second, this amendment has far too narrow a view of the national interest and what constitutes a threat to it. This amendment allows the balanced budget requirement to be waived by a simple majority vote for any year in which there has been a declaration of war. This waiver provision, therefore, implicitly assumes that a threat to our national security so extreme as to allow this amendment to be suspended by a simple majority vote can emanate only from a state of declared war. But it is clear from our history that a threat to the security of this Nation can also emanate from an economic situation which threatens the very livelihood of millions of Americans. It is in recognition of this reality that the preamble of the Constitution speaks not only of "providing for the common defense" but also of "insuring domestic tranquility" and of "promoting the general welfare."

Just as our national strength is not derived solely by looking to our military might, dangers to our national well-being are not only to be found in some failing of our defense posture. This constitutional amendment which we are considering today should reflect that reality and provide for it, but, unfortunately, it does not.

In fact, under the terms of this amendment, it would be possible to waive the amendment by a simple majority if the United States had declared war against Uruguay, but it would not be possible to waive the amendment by majority rule if unemployment rose to 15 percent. Such an absurd possible result is a clear sign that this amendment is fundamentally flawed.

Third, the debate on this amendment has made clear that implementing legislation will be necessary to enforce the constitutional requirement for a balanced budget. For instance, in a colloquy which I had with one of the principal sponsors, Senator SIMON, it was clear that basic questions such as what is a receipt and an outlay, how would the receipts and outlays be monitored to assure that they are in balance, who would definitively determine how budget authority is translated into outlays, and who would determine whether a bill is "a bill to increase revenues" would all require answers provided by subsequent implementing legislation.

It is not appropriate to go forward and approve an amendment to the Constitution with fundamental questions unresolved and which requires implementing legislation to resolve them. Amending the Constitution is too important an undertaking to be done in the dark.

The Library of Congress could find no precedent in which the Congress had passed a constitutional amendment which imposed a mandatory requirement on the Congress but which required subsequent implementing legislation to enforce that requirement. To pass this amendment in its current form is to write a goal into the Constitution and then to rely on a leap of faith that the Congress will be able to legislate all the enforcement mechanisms to achieve that goal. We have never done it before. We should not start now.

Fourth, toward the end of the debate a modification was made to this constitutional amendment which made it even more onerous. This modification requires that there be a three-fifths vote to raise the public debt limit. This was a dangerous modification because it will make it more difficult for the Federal Government to pay the debts it has already incurred. People do not have to be Members of Congress too long to learn how difficult it can be to get a simple majority to vote to increase the debt limit and, thereby, honor the obligations this Government has already incurred. Raising that requirement from a simple majority to three-fifths would make it even more difficult.

People may differ on whether we should limit future obligations and by how much. But I don't think anybody in the Senate believes that we should not honor the obligations we have already incurred. By raising the hurdle necessary to raise the debt limit, we are making it more difficult to honor those obligations. We are making it more uncertain that those obligations will be honored. But, if we should honor those obligations, and we should honor them, then why, as this amendment provides, are we making it more difficult to honor them? Why are we making it more uncertain? Yet, that is exactly what this constitutional amendment does.

It is argued by those who support increasing the margin from a simple majority to a three-fifths vote that such an increase is necessary in order to put teeth in this constitutional amendment. It certainly does. But, they are teeth that bite the wrong people. They may be designed to put pressure on Members of Congress, but that is not where the real bite is felt. They are, in fact, biting the banker who makes a loan to a student based on the full

faith and credit of the United States, or biting the person who provides goods to the United States, or biting somebody who is working in the Social Security Administration and sends out Social Security checks. To these people who have provided goods and services to or on behalf of the Federal Government will come the rude awakening that the full faith and credit of the United States is followed by a question mark and not an exclamation point.

I hope the Senate will consider all these fundamental defects with the balanced budget constitutional amendment and reject it.

Mr. ARMSTRONG. Mr. President, today could be a historic day in the U.S. Senate—one which may be remembered as the day the Senate finally caught up with the wishes of the American people and adopted a balanced budget constitutional amendment. The American people overwhelmingly favor this amendment. They want order restored to the chaos that has existed in Federal fiscal policy for the past 50 years. This amendment will compel Congress to do so.

I have supported the adoption of a tough and enforceable constitutional amendment to balance the budget since my first day in Congress. It was one of the first proposals I introduced in 1973 as a Member of the House, and one which I worked for throughout my service in Congress. So I am especially grateful that today we again have the chance to move this amendment a step closer to enactment. I believe there are few reforms, if any, which will have as salutory and important an effect on Federal fiscal policy and the future of this country than this amendment.

Mr. President, one of America's greatest Founding Fathers, Thomas Jefferson, noted that while frequent changes in our Constitution are not desirable, changes must in fact be made when the times urgently demand it. Jefferson was, as usual, precisely right. Amending the Constitution should not be done lightly. Nor should it be done to place in the Constitution one parochial political ideology. Rather, amendments to the Constitution should add enduring principles that experience has compelled be enshrined in that document.

I am convinced that the balanced budget amendment is such a principle. After reviewing the landscape of Federal fiscal policy of the past 50 years, I am frankly bewildered that some still do not recognize the necessity of so fundamental a change.

Balanced budgets at one time were the norm in American policy. Jefferson and all our founders consistently rejected the evils of Federal debt and resorted to borrowing primarily when the necessities of war required it. Soon thereafter, the public debt was quickly and routinely paid back. In fact, for a period of 28 years following the Civil War, the Federal Government ran budget surpluses.

But over the past 50 years, that heritage has been tarnished. Federal spending, deficits, and the national debt have exploded out of control. Consider these facts.

Since 1940, the Federal Government has run a deficit in 38 out of 46 years. Since 1960, we've run deficits in 25 of 26 years.

In 1940, the public debt of the United States was $43 billion. In 1986, the public debt exceeded $1.7 trillion—an increase of over 3,800 percent in 46 years.

Under current spending and revenue policies, another $714 billion will be added to the debt between fiscal year 1987 and 1991—raising the public debt in excess of $2.3 trillion.

This debt crisis has been driven by an unabated explosion in Federal spending:

Federal spending has increased nearly 1,000 percent since 1960—from $92 billion to $986 billion in projected fiscal year 1986 outlays.

In the last 10 years, spending has increased $615 billion—$400 billion since 1980 alone. The Federal Government is on the threshold of its first $1 trillion outlay level in history in fiscal year 1987.

One of the fastest growing components of Federal spending is driven by deficits themselves, namely interest on the debt. As Federal debt has increased, interest costs rise, driving up overall outlays and helping to create still more deficits. Federal fiscal policy has been on a constant treadmill of paying off the irresponsibility of past decades while producing more today.

In 1965, interest on the debt cost $9 billion and consumed 1.4 percent of GNP. By 1980, interest payments increased to $52 billion, or 2 percent of GNP.

In 1984, interest costs broke the $100 million barrier, reaching $111 billion that year. This fiscal year, 1986, interest payments will be $143 billion. This exceeds the sum of all Federal spending since the founding of the Republic in 1789 to 1936, total Federal outlays in 1966, the amount spent for defense in 1980, and is twice the level of Medicare spending today. Interest costs have increased 1,488 percent since 1965.

But if you remember one statistic, let it be this: between 1981 and 1990, the Federal Government will spend $1.3 trillion in interest payments alone. This equals the entire amount of public debt accumulated from 1789 to 1984.

How can anyone contemplate this sorry state of affairs and argue that fundamental reform is not called for? What magnitude of fiscal chaos is necessary before the Congress outlaws it in the Constitution? Surely in light of all this, Congress would be amending the Constitution, not on a whim, but only after years of failed policy.

The need is surely great. The appeal of the amendment is simple: the Federal Government shall spend only what it has. If it seeks to spend more than current revenues provide, it must raise revenues or approve a deficit by a three-fifths vote of both Houses of Congress. Otherwise, the Federal Government must set priorities and choose among them. I believe that is the art of governing in a free country. I believe it is the kind of enduring principle upon which our Nation was founded and which appropriately belongs in our Constitution. I also believe that it is simply common sense.

Moreover, the American people believe that it's common sense, and they support it overwhelmingly. Isn't it time the Congress of the United States got as smart as those who elected it and passed this amendment to the States? The time has long since passed that we do so. History will not be kind to the 99th Congress should it fail once again to send this proposal to the States. I earnestly urge my colleagues to support this amendment.

Before I conclude my comments on the amendment, Mr. President, I would like to take a moment to salute its sponsors in the Senate. I believe the Senate owes a special thanks to the distinguished Senator from South Carolina [Mr. THURMOND] and the distinguished Senator from Utah [Mr. HATCH] for their relentless efforts to perfect this amendment and bring it to a vote. They have both worked many long hours in committee and on the floor to advance this legislation. I salute them for it.

Over the past year, I have suggested a change in the amendment which I believe was necessary to strengthen the way in which it is to be enforced. I am referring, of course, to my amendment adopted by the Senate on March 13 which will require a three-fifths vote to increase the public debt after the balanced budget amendment is ratified. I believe this addition embodies the most effective way to enforce the constitutional amendment, and is perfectly consistent with the underlying amendment's requirement that a deficit be approved by a three-fifths vote of both Houses of Congress. I appreciate the assistance and support of the distinguished Senator from Utah [Mr. HATCH] in guiding this amendment to its adoption.

Let me also acknowledge the good efforts of the Senator from Arizona [Mr. DECONCINI] and the Senator from Illinois [Mr. SIMON]. Thanks in particular to these two distinguished Members on the other side of the aisle, this measure can truly be called

bipartisan. I salute them also for their achievement.

Mr. BURDICK. Mr. President, shortly this body will be voting on the amendment to the Constitution requiring a balanced budget. This is not the first time this body has considered such an amendment.

During the 97th Congress, the Senate passed a similar resolution. Our Nation was facing prospective annual deficits of $200 billion. At that time drastic action was necessary to eliminate these deficits and, therefore, I supported the resolution. I believe today, just as I believed then, that balancing our Nation's budget is a goal shared by a majority of my colleagues. The case may be made that during the past 4 years congressional support for balancing the budget has increased.

In 1982 with future annual deficits expected to reach $200 billion, the Senate demonstrated its commitment to fiscal responsibility by passing a balanced budget amendment.

However, the amendment did not receive consideration by the House of Representatives. During the 98th Congress, in spite of the warnings of looming deficits, we were unable to achieve significant progress on deficit reduction.

At the end of the first session of this Congress, we found ourselves again facing an annual deficit in the $200 billion range. As the deadline approached for raising the debt ceiling, we became bogged down addressing the landmark Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act. During the initial consideration of Gramm-Rudman-Hollings, I supported the bill because of a desire to keep congressional attention focused on a mechanism which would establish deficit reduction and provide for a balanced budget. Although in the final analysis of the legislation I could not support it, Gramm-Rudman-Hollings is now on the books as a statutory plan for balancing the budget.

Unlike 1982, a constitutional amendment requiring a balanced budget is no longer the only game in town. Just a few months ago Congress overwhelmingly demonstrated its desire to control and eliminate deficits by passing the historic Gramm-Rudman-Hollings legislation. Before we address a constitutional amendment, we must allow ourselves the chance to balance the budget by working within the statutory framework provided by Public Law 99-177, the Gramm-Rudman-Hollings Act.

The circumstances have changed since 1982. During the 97th Congress, a constitutional amendment requiring a balanced budget was needed because we did not have a statutory mechanism for balancing the budget. Should Congress demonstrate the fiscal responsibility required under the guidelines of Public Law 99-177, an amendment to the Constitution will be unnecessary. It would be a mistake to pass this amendment without providing ourselves the opportunity to balance the budget under current statutory law.

CLARIFICATION OF COLLOQUY ON OUTLAYS

Mr. HATFIELD. Mr. President, last Friday Senator HEFLIN asked that a draft colloquy on the meaning of "outlays" as used in the context of Senate Joint Resolution 225 be printed in the RECORD. After reading that colloquy, which included remarks by Senators THURMOND, HATCH, HELFIN, DECONCINI, SIMON, MELCHER, and METZENBAUM, I would like to put in my own 2 cents' worth, even though I will not vote for Senate Joint Resolution 225 and hope it is defeated.

In his remarks on page S3200 of the RECORD, Senator HATCH stated that:

> Outlays are generally appropriated funds, but there are exceptions to that general rule. For instance, outlays includes [sic] as well entitlement payments to eligible beneficiaries, which are non-appropriated disbursements of Federal funds.

Without taking issue with the overall intent of the colloquy, and with all due respect to my friend from Utah, Senator HATCH, I believe some clarification and correction of his statement is in order.

First of all, outlays are never appropriated. Outlays result form appropriations, which are generally in the form of budget authority. Once agencies have been granted that budget authority in appropriations acts, they can obligate the Government to make outlays. But the appropriations themselves are in terms of budget authority, not outlays.

Second, all funds, without exception, are appropriated. As the Constitution states in article I, section 9, clause 7: "No money shall be drawn from the Treasury, but in consequence of Appropriations made by Law * * *" There is a distinction, however, between funds appropriated in regular annual appropriations acts and those provided in permanent appropriations. And, in fact, most of the budget authority requested in the President's budget does come from permanent appropriations. Let me quote from page 6a-1 of the President's budget:

> For 1987, $1,102.0 billion of new budget authority is proposed for the Federal Government. Of this amount, $887.7 billion is for agencies included in the budget and $214.3 billion is for off-budget Federal entities. Of this total new budget authority, both on-budget and off-budget, $564.2 billion will require congressional action. New budget authority of $732.5 billion will be available through permanent appropriations under existing law. This consists mainly of trust fund receipts, which in most trust fund programs are automatically appropriated under existing law, and interest on the public debt, for which budget authority is automatically provided under a permanent appropriation enacted in 1847.

Again, Mr. President, I offer these comments with no criticism of my colleagues, but in an effort to correct what I believe to be a misperception of certain technical points.

Mr. SPECTER. Mr. President, I am voting in favor of the balanced budget amendment to the United States Constitution for the following reasons. The constitutional amendment mandating a balanced budget is one of the toughest issues which has confronted the U.S. Senate in my tenure here.

My considered judgment to vote in favor of the amendment results from weighing the burdens of the existing national debt and continuing deficits; the disadvantages from restricting majority rule; and the serious potential problems posed by a prospective constitutional convention.

Deficits in 23 out of the last 24 years have been a major factor in the economic problems facing our Nation today. We have a national debt in excess of $2,000,000,000,000. The interest on the debt this year exceeds $139,000,000,000. These figures are persuasive of the need for strong action to halt the growth of the national debt.

A nation, like a family, should live within its means. It is unfair to saddle future generations with our failure to pay for what we spend. While we should be able to limit spending without constitutional constraints, the historical fact is that the Congress has not done so.

A compelling consideration is the potential for disaster from the convening of a constitutional convention on the vote of 2 additional States to join the 32 which have already called for a convention on this issue. Once convened, such a convention might rewrite the entire Constitution. In the only precedent, the Constitutional Convention of 1787 was convened to deal with the limited issues of amending the Articles of Confederation on regulation of interstate trade and the taxation of citizens of the various States. Ignoring that limited mandate, an entirely new Constitution emerged.

That precedent provides authority for a convention with a limited call to rewrite the entire Constitution. If our Constitution were to be reconsidered today, the Bill of Rights would not emerge unscathed and the jurisdiction of the Federal courts would be drastically limited. Those are dangers which must be avoided.

In voting for this amendment, I am mindful if the special problems confronting my State. Pennsylvania has never benefited fully from the economic recovery and continues to face severe economic problems. Numerous Federal programs are critical tools in bringing about a recovery in Pennsylvania, and must be preserved until that recovery occurs.

In the long run, however, neither Pennsylvania nor any other part of the country will remain prosperous if we fail to address the intolerable Federal deficit. The sluggish performance of the national economy in 1985 must be taken as an early warning that, if we fail to address the deficit, declines in interest rates and oil prices will not be enough to keep our economic machinery in top form.

Some have cited the passage of the Gramm-Rudman-Hollings legislation last year as a reason for abandoning the balanced budget amendment now. But no mere statute such as Gramm-Rudman-Hollings is as durable as a constitutional amendment. We have already considered waiving Gramm-Rudman-Hollings on more than one occasion, and as the pain inflicted by the Federal Government's financial constraints grows this year, demands for waivers will probably become more insistent. The virtue of a constitutional amendment is that it cannot be waived by a mere majority of the Congress. Furthermore, if the Supreme Court upholds the lower court decision which decided that Gramm-Rudman-Hollings is largely unconstitutional, the country will be left without any legal mechanism for enforcing fiscal self-restraint. Therefore, the balanced budget amendment remains necessary.

A vote for the balanced budget amendment is not a vote for the budget priorities that the administration has proposed for fiscal year 1987, or for the priorities currently being observed by the Government. So long as we have States like Pennsylvania where economic problems abound, it is my sense that any fair budget must direct resources to those States as a priority matter. The Defense Department will have to take its proportionate share of cuts, and other, more prosperous States that are heavily subsidized for water and other projects will have to contribute. Economic development programs such as urban development action grants, the Economic Development Administration, the Small Business Administration, community development block grants, and mass transit subsidies, and programs such as student loans that invest in human capital, must be preserved above all until such time as there is economic prosperity in all parts of the country.

I have fought successfully for these programs each year during my service in the Senate, and will continue to fight for them. The balanced budget amendment will help assure that, even after Pennsylvania and similar States have been rebuilt, the national economy will remain on a fiscally sound footing. In the final analysis, the benefits of the amendment outweigh the very real burdens it imposes.

Mr. TRIBLE. Mr. President, last year, Congress dramatically demonstrated its concern about budget deficits by passing Gramm-Rudman which when fully implemented will eliminate the Federal deficit. Today we can take action to make a balanced budget a permanent requirement of American law.

For far too long our Nation has been on an unconscionable spending spree. In the past quarter of century we have had a budget surplus only once. Every other year we have spent more than we collect.

We cannot continue this profligacy. Budget deficits raise interest rates and divert national saving from investment in productive projects. As a result, economic growth is reduced. Real wages and living standards grow more slowly and we experience unnecessary unemployment and poverty. In all, because of these deficits, all of us are poorer.

And this slower economic growth will continue to burden our children and grandchildren. Our national debt now exceeds $2 trillion and future generations will be forced to forego the advantages of economic growth in order to pay for unpardonable spending habits.

Budget deficits not only curb economic growth. They act as the engine for inflation. Massive deficits create overwhelming pressure for excessive money creation which feeds significant inflation. This inflation not only retards growth and productivity but it places intolerable burdens on working men and women.

Budget deficits also contribute to our massive trade deficits. The demands of Federal borrowing drive up interest rates which, in turn, drive up the value of the dollar. Consequently, goods made in America must not only face unfair trade barriers, but the price of American goods is artificially high.

Mr. President, there can be no doubt that, unless we act to make a balanced budget a permanent constitutional requirement our Nation will be poorer, our children and grandchildren will be faced with a crushing burden of debt and the costs of debt service will rise so stratospherically that we will be able to provide only the most minimal governmental services.

Why is a constitutional amendment necessary? Because, Mr. President, my tenure in the Congress has convinced me that Congress is incapable of saying no. All of us in Congress are under immense pressure to expand Federal programs. We all are exhorted to provide resources for a host of Federal activities.

The political imperative for spending can only be limited by fundamental institutional change. A constitutional amendment would not permit Congress to increase spending as a matter of course. Rather, Congress can only increase spending in one area by reducing it in another, or by raising taxes.

In other words, the amendment will alter the political demands and change the present calculus of Federal spending.

As we now do business deficit financing allows Congress to respond to demands for increased spending without making difficult decisions about taxing or spending. Therefore, deficit spending allows Congress to increase spending and reap political benefits without incurring any immediate political cost.

Well I believe we must have the ability to say no to ever increasing demands for Federal spending. And the only means by which we can say no is a constitutional amendment requiring a balanced Federal budget.

Mr. President, the vast majority of our States are required by law to balance their budgets. The Federal Government, too, must learn to live within its means. I believe this amendment is essential to ensuring the economic well-being of our Nation and I urge my colleagues to support it.

Mr. HEINZ. Mr. President, as one who has authored and sponsored a constitutional amendment, to limit Federal spending, I am on record as one who supports the principle of a constitutional amendment to ensure greater fiscal responsibility. I not only believe that the unchecked growth of Government and Government spending poses an inherent threat to freedom, opportunity, and enterprise, but also I subscribe to the imperative that, absent the effect of what economists call the business cycle, the Federal budget should be balanced. Federal deficits, if not offset by equal surpluses, increase the national debt. I am strongly opposed to spending money the Government doesn't have, won't get back and will have to borrow. Any increase in the national debt is nothing less than a burden passed on by this generation to future generations—our children and grandchildren—so that some special interest group or groups, including politicians, can have it good today. To my mind, and to the minds of most Americans, piling up deficits and the national debt is just plain immoral.

The amendment we are considering, Senate Joint Resolution 225, started as a well-thought-out amendment that merited broad support. It has undergone substantial modification in the course of the Senate's consideration. Often those perfecting modifications have been useful and justifiable. However, one amendment has now been adopted to require a supermajority of three-fifths of the Senate to change the national debt that I cannot support. This is the second time we have been through the same frustrating exercise.

In 1982, we considered a balanced-budget amendment similar to the original Senate Joint Resolution 225. As my colleagues will recall, I worked closely with the sponsors of the amendment and Senator DOMENICI to perfect the amendment. I was concerned with the implementation of the amendment and the effect of the operations of the Social Security trust funds. I have spoken earlier in this debate about the need to properly address this issue.

Also in 1982, I joined the sponsors in opposing the amendment of the Senator from Colorado, Senator ARMSTRONG, to require a supermajority three-fifths vote of both the House and Senate to raise the national debt ceiling. Regrettably this amendment has once again been offered and incorporated in Senate Joint Resolution 225. The arguments against it today are as strong now as in 1982. As I said, "requiring a supermajority every time we encounter a debt ceiling bill, as we do not just once but often several times a year, is going to make government unworkable and will result in bringing government to a halt time and again when there is a recession. Inviting all the uncertainties of on-again-off-again, stop-and-go government is simply contrary to common sense and sound public policy." The only way out of such a dilemma would be to raise taxes.

Two of the major proponents of Senate Joint Resolution 225, the Senator from Utah, Senator HATCH, and the Senator from New Mexico, Senator DOMENICI, not only opposed the amendment as I did but agree with my analysis.

Let me quote Senator HATCH, who said that the Armstrong amendment "would render—the resolution—totally inconsistent with sound and responsible countercyclical economic policy and require taxes to be raised in the face of a recession or a depression * * * If the Armstrong amendment is adopted, then Congress really has only one choice, and that is to increase taxes, because it will take three-fifths of the membership of both Houses to lift the debt ceiling."

Similarly, Senator DOMENICI stated, "Under the Armstrong amendment, three-fifths of the Members of each body would have to vote to increase the debt limit. I shall tell my colleagues what that is going to do. If that is built into the organic law, we are going to raise taxes every time, because we are not going to get the three-fifths vote to raise the debt limit. So we will do the easier thing, we will vote to raise taxes."

I do not believe that raising taxes is the result the American people want. I do not believe that bringing Government to a halt, particularly in a recession, is responsible public policys. Yet those are the two alternatives we face if we pass this amendment in its current form.

When I introduced Senate Joint Resolution 54, the original National Tax Limitation Committee amendment authored by Nobel Laureate Milton Friedman during the 96th Congress some 6 years ago, I felt as keenly then as now about strengthening our national commitment to fiscal responsibility. But that should not obligate us to pass any version of my or this amendment without careful consideration of the public policy resulting from amendments or changes.

Mr. President, as I stated at the outset, I support the principle of a constitutional amendment to limit Government spending or balance the budget. But it must be a responsible, workable amendment if it is to become a part of our Constitution. Unfortunately, Senate Joint Resolution 225 as now amended fails that test.

Mr. LEAHY. Mr. President, I rise today to urge my colleagues to vote against the flawed concept of balancing the budget by amending our Constitution and to get on with the legislative task of balancing the Federal budget.

We already have the ability and the tools to balance the Federal budget, so we must see this proposed amendment to the Constitution for what it really is. It is a political gimmick, a gimmick that ignores what our Constitution is.

Our Constitution is the document embodying our national guiding principles. It sets forth our fundamental rights and liberties and the organization and structure of our Government. Those principles have served us well for over 200 years. We cannot let gambits designed for short-term political gain taint our Constitution.

The Constitution should not include economic theories or budget formulas. The Founding Fathers never intended that. Furthermore, including such hypotheses in our Constitution is dangerous and misguided.

The danger and folly of trying to balance the Federal budget by amending our Constitution is superbly illustrated by the process through which we arrived at this version of the balanced budget amendment.

First, the Judiciary Committee, unable to agree on a single formulation, reported two separate balanced-budget amendment proposals to the Senate. Then, hastily drafted amendments and last-minute political maneuverings during the Senate debate earlier this month resulted in this version of the constitutional amendment to balance the Federal budget. The result is a lack of careful analysis and well-thought-out legislative history that any proposed amendment to our Constitution not only deserves, but requires. It is no longer even clear whether, or to what extent, the Judiciary Committee's report applies.

It would also be misguided and dangerous to adopt this amendment when the mechanics of its enforcement are unknown. For example, the proponents concede that questions of who has standing to enforce the amendment are yet to be resolved. Similarly, the proponents assert that the amendment does not grant the President impoundment authority. But their assertions ignore the reality that ultimately it is the Supreme Court which will serve as the arbiter of these questions.

Congress can and should stand up to its responsibility to balance the Federal budget legislatively. By doing so, we would not run the risk—inherent in this proposed amendment to the Constitution—that Federal courts will be reviewing all of our budget and tax decisions line by line, item by item.

Mr. President, let me close by emphasizing that I want a balanced budget. But we don't need a constitutional amendment to balance the budget. What we need is for Congress to bite the bullet and make difficult choices. We can do that by adopting a rule I have followed in every budget decision I have made. It is a simple rule. It is called "pay-as-you-go." For every new dollar in Federal spending I have supported, I have voted for a $1 cut in spending. If Congress wants to increase spending, we must find a way to pay for it, either through offsetting spending cuts in other programs or through revenues.

I also cosponsored the Hallings-Leahy freeze on all Government spending for the last 3 years. That budget plan called on Congress to spend $136 billion less than President Reagan requested himself.

And, I supported the Gramm-Rudman-Hollings deficit-reduction law which, despite its shortcomings, requires Congress to balance the Federal budget by 1991.

Reducing the deficit will not be easy; nor is it impossible.

An amendment to the Constitution is not the answer.

Mr. WEICKER. Mr. President, Carl Becker once said that:

> Economic distress will teach men, if anything can, that realities are less dangerous than fancies, that factfinding is more effective than faultfinding.

Unfortunately, as is too often the case, the Senate is once again long on blame and short on solutions. The problem of course is the budget deficit that has this generation reaching into the inheritance of the next to meet the needs of society.

Late last year, the constantly shifting focus of blame centered on the congressional budget process. We were told—and we agreed by a wide majority—that deficits are the fault of a process, unwieldy and inefficient, that binds Congress to deficit spending. I repeat what I have said before about

these "automatic pilot" reforms: They are nothing but hypocrisy. And when this conflict between word and deed threatens the Constitution, it is nothing but recklessness.

The steady decline in the political courage of the Congress has made this recklessness seem attractive to many in this body and many in this Nation. Perhaps the people have given up hope that the politicians can make tough choices, perhaps many people have forgotten how clear the Constitution has been for 199 years about fiscal authority and the power of Congress and the President to exercise. In the same way, I hope in this election year that the American people have not forgotten how to use their ballots to support those who uphold the Constitution; those who use the power they have right now to balance the budget.

That power has nothing to do with stuffing a few hastily drawn paragraphs of economic policy into the Constitution. That power has everything to do with the hard choices of budget reforms and reductions and revenue increases needed to pay for our priorities. This is the job entrusted us in the Constitution and there's nothing automatic about it.

If we are serious about balancing the budget, then we have to raise revenue, reduce defense spending, and reform entitlements. Everyone knows that, but politically, it is a very difficult admission to make.

From their writings we know that the Founding Fathers intended the Constitution to be a broad and enduring statement of our rights and liberties as Americans. To craft it as a Christmas tree on which to hang ornaments of the passing political majority—even supermajority—is not worthy of our political heritage.

The Constitution was never intended to be the vehicle for advancing the beliefs of any subset of the American people. Rather, it was intended to protect all Americans against the tyranny of the few or the many.

It may well be said that the American people look anxiously to Congress to do anything possible to gain control of the budget. We in the Senate already said no in the three votes I mentioned earlier that followed passage of Gramm-Rudman-Hollings; no to the range of choices that the American people expect us to make as their representatives. President Reagan already said no in submitting a budget that has been out of balance each year. He had the choice to submit a balanced budget each year just as we have had a choice to pass a balanced budget. Congress and the executive branch have refused to make the choice and this amendment marks the path of our retreat with a shredded copy of the Constitution.

Accountability will not be achieved by throwing some switch and putting the economy on automatic pilot. Accountability depends upon individuals who have the strength of their convictions. It depends on individuals willing to legislatively tackle the tough issues, not try to hide behind a constitutional amendment. Accountability also depends upon people willing to vote and otherwise participate in our democracy, not abandon it to apathy.

Robert Hutchins once said that:

> The death of democracy is not likely to be an assassination from ambush. It will be a slow extinction from apathy, indifference and undernourishment.

Surely our democracy is malnourished when 29 percent of the registered voters becomes a majority to elect a President, 25 to elect a Senator, or 20 percent a Congressman. Do we believe the majority of Illinois Democratic primary voters meant to choose two right-wing extremists as candidates for lieutenant governor and secretary of state as they did 2 weeks ago? It really doesn't matter what the 21 percent of eligible voters who actually voted meant to do. What matters is the 79 percent who failed to even show up. None of us dare say with certainty in any part of the Nation that it can't happen in a general election or that it can't happen anywhere in the Nation.

The greatest danger in this sort of apathy is not the elevation of extremism, not the threat that the worst can occur, but rather the promise that the best cannot. In this context, the balanced budget amendment is an incentive to mediocrity, a reward for the spectators, not the players. It promises a future that will not be the result of choice, but rather the product of default.

Let us—each of us—make an admission and call off this assault on the Constitution. The inability we have shown in dealing with the realities of the budget is the fault of constitutional officers who are responsible for choices never made or politically off limits. To say it is the fault of the Constitution is to mislead the American people.

Next year we celebrate the 200th anniversary of the Constitution. In 1887, during the celebration of the Constitution's first 100 years, British leader William Gladstone wrote, "I have always regarded that Constitution as the most remarkable work known to me in modern times to have been produced by the human intellect, at a single stroke, in its application to political affairs." In the midst of our current "political affairs," I would ask my colleagues to reflect on this anniversary. And I would ask that we stand together and refuse to have this "remarkable work" of the Founding Fathers marred by the inclusion of this manifesto of political failure called the balanced budget amendment.

Mr. BINGAMAN. Mr. President, I rise in support of Senate Joint Resolution 225, proposing an amendment to the Constitution of the United States to require a balanced Federal budget.

Amending the Constitution is an important step, one that none of us should not take lightly. The fact that our Constitution has needed to be amended so infrequently is a testimony to the wisdom of its drafters, the Founding Fathers.

Although I must admit some reservations in this current effort to amend the document, I think the need to reduce our $200 billion deficit, and the realization that the President and Congress lack the discipline to do it, are overriding considerations. This appears to me to be an appropriate issue for the Constitution to address. I further think that careful consideration has been given to this effort and important modifications have been made in the resolution that is before us today.

It is important to note that the Framers of the U.S. Constitution envisioned that each generation of Americans would pay its own bills. Thomas Jefferson said:

> We should consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves.

Unfortunately this sound principle of not saddling future generations with our debt is not being adhered to. We have not had a balanced budget in 16 years, and only one in the last 25 years. Moreover, our deficits continue to grow larger with each fiscal year. When President Reagan came into office, 8 percent of our annual Federal budget went to pay interest on the national debt. Today 15 percent of our annual budget goes to that purpose. We can no longer turn our back on the deficit. We must now begin the process of dealing with it. In my opinion the resolution before us is carefully crafted to require a balanced budget except in extraordinary circumstances.

The amendment has several key features. Most importantly it does not mandate economic policy, but it merely outlines a procedure for approving a budget. The resolution provides that outlays for any fiscal year shall not exceed receipts for that year, unless three-fifths of the House and Senate provide for a specific excess of outlays over receipts. Its provisions could be waived by Congress during a fiscal year in which a declaration of war is in effect.

I believe these provisions embody the flexibility needed for Congress to perform its appropriate function of examining spending levels and making needed changes in spending as well as taxing. I would, however, have pre-

ferred that the resolution not specifically address the matter of taxing.

Nevertheless, important other changes have been made. The most important, in my opinion, which makes the bill more acceptable to me, is the amendment by my distinguished colleague and friend, Senator METZENBAUM, requiring the President annually to submit a balanced budget to Congress, and if he supports an unbalanced budget, to submit that as an alternative and explain why. This is an essential element. It requires the President as well as the Congress to participate in the balanced budget process. Several other important additions have also been made, and other more harmful amendments have been wisely rejected.

Let me conclude by saying that I feel the resolution before us represents a fair and workable compromise. It recognizes the need to reduce our budget deficits and not pass them on to future generations.

Thank you, Mr. President.

Mr. BRADLEY. Mr. President, the issue of balanced budgets has been before this body many times. It seems that we spend more and more of the Senate's time debating Federal budget policy. Just last year, the Congress enacted the Gramm-Rudman legislation. In 1982, the Senate adopted a constitutional amendment to balance the budget. The constitutional amendment now before the Senate is very similar to the measure adopted by the Senate in 1982, but rejected by the House.

Mr. President, as with so many of the issues debated in the U.S. Senate, Members are deeply divided over this issue. But we all agree that deficits must be reduced. We all agree that we cannot afford to continue to accumulate the biggest budget deficits in our history.

And we all agree on the problem. The problem, as we all know, is that Congress and the President—in our desire to meet the many needs of the American people—find it easier to expand programs and to cut taxes than to eliminate programs and to increase taxes.

The consensus disappears, Mr. President, when we debate how to bring down deficits. Although I do not concur, I recognize that most Members in this body are convinced that we need to be bound to a balanced budget. The longer we debate these issues the more I am convinced that we don't need procedural or constitutional answers to the deficit problem. The Senate has all the procedures it needs to reduce deficits. It lacks the will.

I believe that a constitutional amendment is not the answer. Enactment of this legislation would be bad economic policy, would be bad public policy, and would be bad constitutional policy.

First and foremost, Mr. President, a constitutional amendment requiring a balanced budget is flawed thinking about economics. Indeed, adoption could pose a very serious threat to the economic health of the Nation. Establishing a constitutional requirement for a balanced budget drastically reduces the flexibility which the Constitution now gives to the President and Congress to pursue policies which promote economic growth and stability.

Mr. President, a study was recently conducted by Data Resources, Inc., simulating the economic impact of a balanced budget in fiscal year 1983, when the economy had not yet recovered from the recession. According to their projections, the effects would have been devastating. In 1983, real GNP would have declined by 4 percent rather than growing by 3.4 percent. By the end of 1985, had the budget been required to be balanced in 1983, real GNP would still be below its 1981 level. The unemployment rate in 1985 would have been 12.4 percent. Now maybe these projections are too pessimistic. But I remain convinced that it would not have been good economic policy to balance the budget in 1983.

Mr. President, after ratification of this constitutional amendment, what if we find out that we were wrong? It takes years to amend the Constitution. And it can also take years to repeal an amendment to the Constitution.

What we enact today in this body by statute can be removed tomorrow by statute. This is not the case for a constitutional amendment. If a majority in this body wants a balanced budget, then let us pass statutes requiring it; but let us not tie the hands of future Congresses by including this travesty in the U.S. Constitution.

Mr. President, I also want to discuss the impact of inflation on real deficit spending. Some economists would say the inflation premium built into government payments on the public debt should not be matched by revenue. With interest rates at 8 percent and inflation at about 4 percent, the Government pays about $80 billion a year just to help Treasury bill holders keep up with inflation. But under a balanced budget amendment, the Government would have to raise that $80 billion through additional taxes. That means that the public gets taxed twice—once through an inflation tax on the real value of Treasury bills, and once through direct taxes. Yet the public receives only enough to cover the inflation-tax. So under a balanced budget regime, the Government will actually drain resources from the public as long as inflation stays above zero. If this is so, then this is so, then this is a good deal for the Government, but a terrible one for constituents.

Mr. President, there is one last point I would like to make on the economic consequences of the balanced budget proposal now before us. This amendment has a strong bias toward increased taxes. Under the amendment, it takes 60 votes for Government to spend more than it takes in, but only a constitutional majority—51 votes—to raise Government's revenues. Imagine a year at the start of a recession when a deficit looms up after we are already into the fiscal year. The Constitution requires a balanced budget and Congress cannot marshall 60 votes for deficit spending. But only 51 Senators are needed to raise revenues.

What will happen, Mr. President? Taxes will be raised. Is that good economic policy, Mr. President? Of course not. Raising taxes during a recession is widely accepted by almost all economists as precisely the wrong thing to do—a prescription for worsening economic conditions.

Mr. President, I also oppose the balanced budget amendment because of the devastating effects it could have—particularly during a recession—on defense and nondefense Federal priorities.

In January 1981, President Carter projected that the 1982 budget deficit would be $28 billion; the actual 1982 deficit was $111 billion. In January 1982, President Reagan projected that the 1983 deficit would be $92 billion; the actual 1983 deficit was $195 billion. A significant share of the disparity in these projections was directly related to a miscalculation of the magnitude of the 1982 recession. What would have happened if the balanced budget amendment had been the law of the land in 1983? We would have had to drastically cut programs or raise taxes almost $100 billion more than anticipated at the beginning of the year.

We currently have in place many programs that operate as automatic stabilizers. These programs—such as unemployment insurance, food stamps, and AFDC—assist those people who are most directly affected by a sagging economy. While Congress has never been very good at fashioning effective, recession-specific countercyclical spending programs, these automatic stabilizers do provide needed benefits in time of need.

Under the proposed constitutional amendment, unless 60 Senators agreed, these automatic stabilizers would have to be curtailed or other programs would be sacrificed to keep them going. Spending automatically increases during times of recession to protect people in need; having to balance the budget during times of recession hurts people in need.

Finally, Mr. President, what about defense spending? How would it fare if we enacted the balanced budget

amendment? Since defense spending is the largest discretionary component of Federal spending, it is the area that would probably suffer the greatest disruptions. Roy Ash, the OMB Director under Presidents Nixon and Ford, recently pointed out:

> The provision in the proposed amendment waiving its effect if war is declared is too blunt an instrument to deal with real defense needs. It is much more desirable to manage defense policy so as to avoid the declaration of war. That usually involves the build up of forces to deter others and, if absolutely necessary, to prepare for war. It is ironic that the proposed amendment would require a 60-percent vote to override budget balance so as to avoid war, yet only a 50-percent vote is required to declare war.

Finally, Mr. President, I object to this amendment on constitutional grounds. Since the adoption of our Constitution in 1789, the amendment process has been used very sparingly. Twelve of the 26 amendments to the Constitution protect the rights of individuals: These include the Bill of Rights, the prohibition of slavery, and the guarantee of due process and equal protection. Five of the 26 amendments extend the right to vote: To all races, to both sexes, to the District of Columbia, to all income classes—that is, prohibiting a poll tax—and to 18-year-olds. Seven of the 26 amendments deal with how our Government should be structured: Judicial power, the electoral college, counting former slaves in apportionment of the House of Representatives, the income tax, popular election of Senators, fixing dates of congressional sessions and Presidential inaugurations, tenure, disability, and succession.

Of the 26 amendments enacted, all but two have been drafted to correct a flaw in the original structure of the Constitution or to protect the fundamental rights of American citizens. Care has been taken to avoid endorsing specific programs or to impose restraints on the Government's need to act beyond the minimum necessary to assure individual liberties and preserve a Federal system. The only two exceptions are the amendments which were passed to establish prohibition and then to repeal it.

Prohibition—established by the 18th amendment and repealed by the 21st amendment—was a scar on the face of our Constitution. Its proponents screamed, "Keep us from drinking!" only to find there was not the will equal to the words.

Mr. President, I find a parallel between the prohibition amendment and the balanced budget amendment. Proponents of the amendment scream, "Keep us from spending!" only to find that there must be the will to equal the words.

In my opinion, and in the judgment of many noted legal scholars, the proposed balanced budget amendment is more like the prohibition amendments than any of the 24 others dealing with individual liberties or Government structure. Like the prohibition amendments, the balanced budget amendment reflects more transitory concerns. Our experience in the case of prohibition should not be ignored now.

The Constitution is our most important public document, the foundation of our democracy. There is no need to change it in any way in order to achieve a balanced budget. Nothing in the Constitution stands in our way. We can have a balanced budget whenever enough Members of Congress are ready to vote for one, and it is either an illusion or a self-revealing admission to say that Senators have so little discipline that we need to change the fundamental law of the land to force us to do what we have the power to do now.

In conclusion, Mr. President, the balanced budget amendment makes no sense. In fact, while I believe that reducing the deficit is absolutely essential, balancing the budget is not. Contrary to the sponsors' favorite analogy, the national government is not similar to a household. Nor is it similar to a State government. The national government has national economic responsibilities that madate money be spent under certain economic conditions. That is the price of humane government in the 20th century.

Mr. President, sizable deficit reduction will not occur until members have the will to make the difficult political choices that we all know have to be made. And it is those tough choices we are elected to decide. Just as we exercise our judgment on other legislative issues, the public has a right to expect their elected officials to exercise judgment and moderation in responding to our serious fiscal and economic problems.

Instead of making tough choices, we are putting in place a lengthy process to absorb the attention of Congress and the States in an effort which at best will not be timely enough to solve our current economic problems and at worst will create new ones.

I urge my colleagues to join me in opposing the balanced budget amendment.

Mr. HARKIN. Mr. President, the Senate has before it today a proposal to amend the Constitution of the United States.

Let us consider for a moment the gravity of amending the Constitution. Thomas Jefferson wrote that "a permanent constitution must be the work of quiet, leisure, much inquiry, and great deliberation."

Jefferson had great respect for the Constitution and understood its function as the guarantor of our democracy and our liberties. I hope today that the Senate will show a similar respect.

Four years from now, our Nation will celebrate the 200th anniversary of the Constitution's ratification by the Thirteen Original States. Since that time, the Constitution has been amended only 26 times.

An amendment is not a matter to be taken lightly or approved hastily. An amendment is a fundamental change in the permanent law of our land.

Jefferson defined a constitution as "an act above the powers of the ordinary legislation."

It is incumbent upon the Senate then to justify, clearly and beyond doubt, why it is necessary to "act above the powers of the ordinary legislation."

I am aware of objections voiced by some that a balanced budget amendment would lead to cuts in those essential programs which are least able to care for themselves—programs for the handicapped, the poor, our older citizens.

Others fear a balanced budget amendment will lead to insufficient funding for defense.

I share both of these concerns. It is clear that this amendment will create a different climate toward Government spending—a climate that needs to be created.

Nevertheless, I will fight to preserve funding for those programs which I believe must be continued. I am committed to real opportunity and justice in our society. But the greatest threats to these goals today are the looming deficits. All who share these concerns must make this their top priority.

I will fight to increase funding for those programs—particularly education—which I believe must be expanded.

And I will fight to eliminate those programs which have outlived their usefulness. I expect that my colleagues will do the same.

Some will lose, others will gain.

But at least decisions will be made in this body, as the framers of the Constitution intended them to be.

I believe this is what Jefferson, Madison, Franklin, and the other framers of the Constitution would want us to do at this crucial moment in our Nation's history.

This is a very heated, emotional issue, but let us remember Jefferson's advice and act not out of emotion or political considerations, but out of "much inquiry and great deliberation."

For a number of years, I have struggled with the question of a balanced budget amendment to the Constitution.

In 1982, I voted for a balanced budget amendment—the Alexander substitute—that was a very straightforward proposal which would have simply required the President to submit a balanced budget and the Congress to pass a balanced budget.

On other occasions, I have voted against balanced-budget amendments which were not as straightforward and threatened the clarity of the Constitution.

My concern with a balanced budget amendment stems from my concern that it would not be appropriate to incorporate into our Constitution a particular economic philosphy or plan.

But the risk posed by the deficits—both to our Nation's economic viability and to our ability to create a just and fair society—have now convinced me otherwise.

In the past 5 years, the national debt has doubled to more than $2 trillion.

Twelve percent of our budget goes to paying the national debt.

In effect, this national debt represents the most massive transfer in our Nation's history of wealth from the poor and the middle-class to the wealthy here and abroad who have bought up Federal bonds.

These deficits keep real interest rates high and this hurts our small businesses, our consumers, and our Nation's farmers.

The overvaluation of our exports caused by the deficits is exporting American jobs and causing an influx of imports.

In the long term, inflation is likely to be the only way to recover these deficits and this will cause even greater hardship for the average American.

And so it is, Mr. President, after great deliberation, I urge my colleagues to join with me in voting for the balanced budget amendment.

Mrs. HAWKINS. Mr. President, this is the responsible way to deal with the realities of the Federal budget. Too often rhetoric dealing with the intentions of Senators attempting to impose automatic mandates on the budget process ignore the very real neccessities of specific Government programs. This amendment would force the Members of Congress to face the tough votes they were sent here to make. Instead of providing them with rhetorical sanctuary behind an unaccountable budget process.

This amendment allows Congress to deal with the unexpected. Once the balance budget is in place and set into law, few Senators will be unwilling to risk breaking the law to deal with emergency situations. This amendment provides for just such an unforseeable event, without unduly labeling Senators as budget breakers and allows Congress a second chance.

We should all remember that the balanced budget amendment passed this body in 1982. Senate Joint Resolution 225 is similar to that proposal in that it calls for a balanced budget each year unless three-fifths of the House and Senate agree to deficit spending or in the case of war or times of national emergency.

Certain situation may arise that would require and justify an exception to the balanced budget, as for example childhood vaccines. The Federal Government currently purchases over 50 percent of childhood vaccines for its national immunization effort. The program is extremely cost effective given the tremendous cost in both terms of finances and human terms of not adequately immunizing our children against these deadly and contagious childhood diseases. I am sure that no Member of this body wants to see a return of the iron lung and destruction caused by rubella and polio outbreaks.

Once again Mr. President, I would like to commend Mr. THURMOND for introducing this amendment. This amendment is responsible government and allows us to deal with the unexpected should the need arise.

Mr. BYRD. Mr. President, I will vote against the pending substitute, the so-called Hatch-Simon version of a balanced budget constitutional amendment, because I believe it is unworkable, unclear, and dangerous to our national security.

I am in favor of a constitutional amendment which would require a balanced Federal budget. I offered my own version almost 2 weeks ago. Unfortunately, the authors of the pending Hatch-Simon substitute had already drawn the horses' round, so to speak, and a majority was unwilling to accept the formulation which I proposed.

I believe that my proposal would have accomplished the goal of constitutionally mandating a balanced Federal budget, and it would have done so in a manner that was workable and without endangering our national security.

The pending Hatch-Simon version is simply unacceptable in its present form. I will vote against it primarily because it does not adequately provide for our national defense. It could put us into a straitjacket in the event we were to become involved in an unforeseen conflict. The pending substitute also could require drastic budgetary cuts—perhaps including defense cuts—even when out Nation is involved in a war.

Although the pending proposal provides for a waiver "for any year in which a declaration of war is in effect," it does not adequately address the problem of undeclared wars, or our potential involvement in another South Korean or Vietnam-type conflict. It does not deal with another Grenada-type operation, or a potential unforeseen emergency in Central America.

If such circumstances were to arise when this amendment was in effect, it might be impossible for the President to respond appropriately, or to protect the lives of America's Armed Forces or safeguard our national security. Proponents may suggest that it is possible to waive the requirements by a three-fifths vote in each House. However, Mr. President, that would allow a minority in either body to prevent such action. If such a minority were to oppose the President's request, we could find our fighting men and women in the field victimized by political posturing at home.

I for one refuse to tie our Government's hands in such a manner that we might be unable to defend our Armed Forces and protect our vital national interests whenever they might become threatened. I might point out to my colleagues that the forumulation of a balanced budget amendment which I proposed addresses these concerns, providing an automatic exception for war, whether declared or undeclared, and for any other type of military conflict.

Let me, Mr. President, for the sake of example with immediate application, raise the circumstances in which we now find our Nation invovled in the Gulf of Sidra. On Sunday of this week—just 2 days ago—ships of the U.S. 6th Fleet were involved in a peaceful nonprovocative exercise in international waters off the coast of northern Africa. This Nation should not have needed to anticipate that anyone or any nation would object to our sailing and flying in this area, and certainly not that any attempt would be made to impede such activities by our naval forces.

Today, not 48 hours later, the situation has changed radically. Several deadly surface to air missiles were fired at our fleet's aircraft flying in international airspace over international waters from an installation on the Libyan coast of the Gulf of Sidra. In reprisal for this blatant and blatantly illegal effort to restrict access to these international areas—an effort which could have cost American lives as well as millions of dollars in destroyed equipment—American forces attacked and disabled the surface to air missile installation and two Libyan missle patrol ships which were moving in a threatening manner toward our surface vessels.

I expect I join 99 other Members of this body, and the great majority of Americans, in the fervent hope that this exchange will mark the end of this very unfortunate episode—and that Libyan strongman Mu'ammar Qadhafi forthwith will cease his illegal and dangerous attempts to restrict the access of the United States, or the citizens or vessels of any other nation, to the international waters and airspace off Libya's coast.

I raise the example of the current circumstances in the Mediterranean simply to illustrate how rapidly and unpredictably a situation embroiling

this Nation in military conflict can occur. And yet the amendment before us would make no exceptions in the case of any conflict that began as rapidly and unpredictably as events have unfolded in the past several days—until and unless such a conflict proceeded to the point of a declaration of war. As I have pointed out, two major conflicts extending over several years each, not to mention a number of lesser military actions, just since World War II, never led to a declaration of war. I can only speculate, but I can speculate that our ability to properly supply and protect the lives of our forces in several of those conflicts easily could have been jeopardized had a constitutional amendment such as the one before us today been the law of the land at the time of those conflicts.

The national security issue I have just discussed is the most serious problem which could arise under the pending substitute. Other examples are readily obvious:

In section 1, the balanced budget requirement applies to any fiscal year. What would happen if we were to go on a 2-year fiscal cycle?

The amendment also refers to both receipts and revenues. Are they the same? Must a bill that increased receipts also be subject to the voting requirements in section 2?

Mr. President, I raise these issues not because I oppose a balanced budget, but because the amendment before us holds the potential to do more harm than good. That is why I offered my budget proposal last year—to put the Government on the path to a balanced budget in a more responsible fashion than that proposed by the majority.

And that is why I offered my own constitutional amendment earlier this month—to mandate a balanced budget in a more responsible and workable manner than is proposed in the pending substitute. As I have noted, that amendment failed. Unfortunately, this body is now left with a vote on what I consider to be a fundamentally unsound and flawed proposition. The pending measure creates a potential straitjacket on this Nation's ability to defend itself and its vital economic and security interests. As such, I cannot support it.

Mr. President, as I complete my remarks, I would like, once again, to recall the admonition of Alexander Hamilton which I quoted at the time I offered my own balanced budget formulation:

> Constitutions of civil government are not to be framed upon a calculation of existing exigencies, but upon a combination of these with the probable exigencies of ages . . . nothing, therefore, can be more fallacious than to infer the extent of any power to be lodged in the National Government from an estimate of its immediate necessities. There ought to be a capacity to provide for future contingencies as they may happen; and as these are illimitable in their nature, so it is impossible safely to limit that capacity.

Mr. President, it is in the context of Hamilton's warning that I have expressed my concerns about the pending substitute. It was in that same spirit that I offered my own version of a balanced budget amendment.

I intend to vote against the pending substitute for the reasons I have expressed, and I ask unanimous consent that the balanced budget amendment which I offered on March 12, 1986 be printed at this point in the RECORD.

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

> In lieu of the matter proposed to be inserted, insert the following: "That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution if ratified by the legislatures of three-fourths of the several States within seven years after its submission to the States for ratification:
>
> ARTICLE —
>
> "'SECTION 1. The Congress shall ensure that expenditures of public money by the Federal government do not exceed its receipts, except in time of war or military conflict; or when by an affirmative vote of three-fifths of the whole number of each House, the Congress provides for a specific excess of expenditures over receipts.'.
>
> "'SECTION 2. The Congress shall have the power to enforce this article by appropriate legislation.'.
>
> "'SECTION 3. This Article shall take effect in 1991 or for the second fiscal year beginning after its ratification, which ever is later.'.".

RECESS UNTIL 5:30 P.M.

Mr. HATCH. Mr. President, I ask unanimous consent that the Senate stand in recess, until 5:30 p.m., in order for all Senators to attend the briefings in S-407 on the recent events in Libya.

I further ask unanimous consent that when the Senate reconvenes at 5:30 p.m. today, there be 30 minutes of debate on Senate Joint Resolution 225, to be equally divided between the majority and minority leaders or their designees.

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

Thereupon, at 4:38 p.m., the Senate recessed until 5:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. COHEN].

Mr. HATCH. Mr. President, I suggest the absence of a quorum with the time divided equally on both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HATCH. 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. HATCH. Mr. President, I ask unanimous consent that 3 minutes be yielded to the distinguished Senator from Oregon from the opponents' side of the balanced budget amendment.

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

Mr. HATFIELD. Mr. President, I thank the Senator from Utah.

Mr. President, I have wrestled with few items longer and with greater sobriety than this one. I cosponsored the first balanced budget amendment in 1981, and I come to a change in that position at this time with great reluctance, not only because I have such great respect for my leadership both in the Senate and in the White House but that leadership has been very persuasive and very diligent in its pursuit of this objective, and I know with great purpose and with great objectivity.

> No one is more committed to significant deficit reduction and the return to sound fiscal management than this Senator.

We have all heard that statement made on this floor many times. It represents a goal each Member of Congress shares and a declaration each Senator, including myself, has made at one time or another.

It is with that declaration in mind that I historically have supported the concept of a constitutional balanced budget amendment. In 1981, our national debt stood at a little over $1 trillion and the annual budget deficit for that year was calculated to be $58 billion. At that time, there were no alternatives being discussed by Congress to help alleviate this problem. The only game in town was Senate Joint Resolution 58, the constitutional balanced budget amendment. I believed affirmative steps should be taken to reduce the deficit and so supported that resolution with the high expectation that adoption of such an amendment would be a major step in a cooperative effort with the President toward fundamental budget reform and deficit reduction. To say the least, that expectation has not been satisfied.

Since 1981, the President has suggested and endorsed a number of proposals which, although appearing as methods to help reduce the deficit and ultimately establish a stronger fiscal policy, have been used as tools to advance a political agenda which places military growth before domestic needs, and ignores budgetary realities.

Attempts by this body to adopt a budget which reduces the deficit by properly allocating the necessary cuts have been repeatedly frustrated by administration policies. For example, it is no secret that entitlement spending comprises the largest portion of the Federal budget, a percentage which has increased from 26 percent in 1967

to an estimated 43.8 percent this year. Yet last August, as Congress was formulating a fiscal year 1986 budget, the administration retreated from its proposal to eliminate the Social Security COLA for fiscal year 1986.

The President's proposed fiscal year 1987 budget, accompanied by almost $25 billion in proposed recisions and deferrals, is merely a different rendition of the same song. This administration is now using the mandates of Gramm-Rudman to legitimize a near trillion-dollar budget proposal which seeks to reduce the deficit without any increases in revenues or cuts in defense spending or meaningful reform of entitlement programs.

Through its support of the constitutionally doubtful line item veto, the magnitude of the proposed recisions and deferrals of budget authority for numerous domestic programs, and the introduction of a proposed fiscal year 1987 Federal budget that would substantially reduce or eliminate some 90 programs, sell numerous income-producing Federal assets and yet provide for a 12-percent growth in defense spending, the administration has clearly shown how it would reduce the deficit and balance the budget: on the backs of the poor and middle-income citizens of this country.

Apparently the administration operates using two sets of books, and only one set causes the deficit: domestic spending. Such a perception is contrary to budgetary realities. In fact, domestic spending as a percentage of the Federal budget has declined by almost 43 percent since 1967, from 24.3 percent in that year to 13.9 percent in 1986.

These are but a few examples of how, in the name of budget reform and deficit reduction, the President has used several proposals as legislative Trojan Horses: they appear to be gifts to the people of this country to help achieve fiscal stability, yet once let in and adopted, they're used as vehicles to promote the continued procurement of questionable military hardware at the expense of countless human service programs. And all the while the administration ignores the need for entitlement reform and for additional revenue sources.

Yes; Mr. President, much has happened in the past 5 years, the cumulative effect of which leads me to oppose adoption of Senate Joint Resolution 225. I will not sit back and let an amendment to our Constitution be used by the White House as the next, and most serious, subterfuge to advance budgetary priorities which I am adamantly opposed to.

As I stated on this floor as the Senate was considering Gramm-Rudman, I am convinced that our current predicament lies not with the Constitution or the budget process but with our will to make the process work. Congress has all the power and procedures necessary to reduce the deficit and balance the budget. Meaningful deficit reduction leading to a balanced Federal budget will occur only when each Member of Congress becomes less influenced by the narrow political interests of the day and more willing to make the hard choices to cut entitlement and defense spending, along with cuts in nondefense domestic spending, and to also institute methods to increase revenues.

Mr. President, I sense a new acknowledgment of this need and a greater commitment to this goal in the Senate and believe that, with continued economic growth, our deficits will be significantly reduced without the need to amend our Constitution.

Mr. President, again, as I say, I reluctantly rise at this time to shift my position to turn from a supporter to one who will have to cast his vote today against this proposed constitutional amendment. I do so with great reluctance, but in light of the current budget proposal and the obvious priorities that I totally disagree with, in selling the capital stock of this country, in not looking at 55 percent of the budget but eliminating it from the application of Gramm-Rudman, forcing Gramm-Rudman upon the backs of 45 percent of the rest of the programs to me is inequitable and unfair.

Mr. HATCH. I will be happy to yield 3 minutes to the distinguished majority leader.

The PRESIDING OFFICER. The majority leader is recognized for 3 minutes.

Mr. DOLE. Mr. President, for this Senator, it is extremely gratifying to have the opportunity to state the case for a balanced budget amendment to the Constitution of the United States. I know my colleagues are aware of my conviction that this constitutional change is essential to the long-term fiscal health of this Nation. I hope at least two-thirds of them share my conviction.

The Senate would not be considering this critical issue at all, were it not for the extraordinary efforts of the Judiciary Committee, led by my good friend, STROM THURMOND. Senator THURMOND has worked tirelessly for this kind of fundamental fiscal reform, and he has been a true believer on this issue, literally for decades. He deserves our congratulations for producing the compromise amendment we now have before us.

Mr. President, the leadership of the distinguished chairman of the Constitution Subcommittee, ORRIN HATCH, has been equally critical to this struggle. Senator HATCH has been constantly in the trenches on behalf of the balanced budget amendment and has not wavered for one moment from his devotion to this cause. Together with his colleagues on the Judiciary Committee, DENNIS DECONCINI and HOWELL HEFLIN, Senator HATCH has forged a compromise that I believe will gain overwhelming bipartisan support, particulary in view of the support this compromise has won from the distinguished Senator from Illinois, PAUL SIMON.

A SINGLE PRINCIPLE

Mr. President, the compromise amendment we are supporting embodies a simple principle. In the normal situation, outlays of the Federal Government should not exceed receipts. Our amendment just requires that to allow deficit, Congress must by three-fifths vote authorize a specific excess of outlays over receipts. In addition, the Senate has adopted a provision imposing a similar vote requirement to raise the debt ceiling. To preserve a bias in favor of controlling spending, we say that tax increases cannot be passed except by a majority of all Members of the House and Senate, not just those present and voting.

So the Senate is being presented with an historic opportunity. This proposed constitutional amendment would restore a proper balance to the way we conduct the fiscal affairs of the Government. The proposal before us is not a quick fix, a response to a sudden shift in public opinion, or an attempt to evade our assigned duties under the Constitution with regard to decisions on taxing and spending. This is an idea that has been around for quite some time, but that has gained momentum in recent years because of the growing realization that there is something fundamentally wrong with the way we conduct fiscal policy.

Fundamental problems demand fundamental solutions. Those of us who have worked to develop a responsible constitutional amendment over the years have not taken lightly our duty to respect the form and the spirit of the basic law of the land. The language of this amendment is appropriate to the Constitution. It is not premised on any particular economic philosophy, but rather on the belief that Congress ought to make specific decisions on fiscal policy and be held accountable for those decisions. The amendment requires that we follow consistent procedures in setting fiscal policy, and establishes firm parameters to govern those procedures. That is all there is to it, and it is something we very much need.

A POPULAR MANDATE

The American people clearly are convinced that our fiscal house is not in order. Popular concern over runaway budgets is the reason why the drive for a constitutional convention to draft a fiscal restraint amendment is only a few States short of its goal. Polls consistently show that 70-80 percent of the American people support a

balanced budget amendment. No one should maintain that we ought to take certain steps just because they are popular; but in this case it seems that the people are ahead of the politicians. They understand that congressional spending habits have to be put under a firm limitation, and that only new procedures, externally imposed, can do the job.

Mr. President, for these and many other reasons I urge my colleagues to support this amendment. The language of this proposal has been developed over a number of years. There has been a conscious effort to draft an amendment that could enjoy broad bipartisan support while having sufficient force to make a real difference in our national life. I believe this effort has been successful.

I also suggest that this amendment, if approved by Congress, is not the end of the story. It is the beginning. Legislative implementation and compliance will be a complex and difficult matter—we should not deceive ourselves on that point. And we are learning from the experience of the Gramm-Rudman-Hollings law that enforcement is not a simple matter. But it can and will be done once we have a clear constitutional obligation to fulfill. We can demonstrate our willingness and ability to follow through on this amendment by moving swiftly to meet the fiscal 1987 targets for Gramm-Rudman.

Serious action on the deficit will convince the American people that we are serious about the budget problem and that this constitutional amendment will be given full force and effect. Our actions on each of these matters will have a major impact now and for years to come. Let us be sure that we make the right choice.

Mr. President, we are going to be voting very quickly, and I think it will be a fairly close vote. I do not know precisely how it will shake out but I think it ought to be kept in mind that we are going to need 67 votes. I assume that all 100 Senators are here, and so whether we have 67, 68, 69, or 66, 65, 64, it is well to keep in mind that a clear majority of this body will vote for a balanced budget amendment—and nearly two-thirds, maybe more than two-thirds.

I want to take this time to commend the Members on both sides—this is a bipartisan effort and I congratulate Senators HATCH, SIMON, and DECONCINI and Senator THURMOND and others who have been leading the effort. This amendment may not be perfect, but in the view of this Senator, we need all the discipline we can find, all we can muster.

We are not talking about fiscal restraint just this year or next year. We are probably looking at 1991 before this amendment would be effective. So whether it is this year's budget or next year's budget or Gramm-Rudman, I assume that by 1991 there will be a different set of circumstances and a different leadership, different Members of the Senate in many cases.

So this really is a vote for the future of America, not a vote for what is happening today, what is happening with Gramm-Rudman, what is happening with the President's budget. We are looking ahead to what may happen to our children, our grandchildren, if we do not find some way to control the appetite of any Congress and any administration to spend your tax dollars.

I have thought a lot about this, but never really thought before about a point made by the distinguished Senator from Illinois at a press conference in the last week where he said that he found no reason to spend money on interest payments that we might be spending on other things that are worthwhile in this country.

The debt is now $2 trillion. We paid $140 billion in interest this year. We need everything we can put our hands on to get control of the debt.

So I hope we will have the two-thirds vote. I would like to see it go to the House. I would like to see a bipartisan majority there send it to the States. I believe that the States have exercised pretty good judgment, for the most part—Democrats, Republicans, State legislators. It is going to take three-fourths of the States to ratify the amendment.

We ask our colleagues to send this to the House, start the process, keep the process alive, so that we can give the States a shot at an opportunity to bring about a certain amount of order. Thirty-two States have petitioned Congress for a constitutional convention—only two States short. Whatever may happen today, it is not going to end. I assume that the principal sponsors are going to continue their efforts, as are many States.

I congratulate my colleagues on both sides of the issue. The debate has been extraordinarily good and constructive. My hope is that we provide the 67 votes.

Mr. HATCH. Mr. President, I yield 1 minute to the distinguished Senator from California.

Mr. WILSON. Mr. President, I have already spoken at length on this matter, and I will attempt to keep my remarks brief.

The reaction of Congress to the enactment of Gramm-Rudman-Hollings—the agonizing, the writhing, the roiling to escape the toils of that legislation—merely but clearly reaffirms the inability of Congress, without legal compulsion, to live within its income.

It is natural that we all hate to cut spending because it offends or disappoints some constituency.

The point the majority leader made is the essential point. In 1991, even as we reduce the budget to zero and in the process add almost $600 billion more to the national debt, we will need a permanent guarantee for the people of the United States that future Congresses, no less than those that have preceded them, will have the kind of compulsion without which they seem congenitally unable to forge the kind of consensus that averts our spending for everything in the absence of that consensus.

Mr. President, I urge my colleagues to vote for this amendment. It may not be all we would like it to be. It is essential.

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

The PRESIDING OFFICER. Six minutes remain.

Mr. BUMPERS. Mr. President, a parliamentary inquiry. How much time is left for the opponents?

The PRESIDING OFFICER. Nine minutes.

Mr. THURMOND. I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator is recognized for 4 minutes.

Mr. THURMOND. Mr. President, this is one of the most important issues that will come before Congress this year or any year.

We have not balanced the budget but one time in 26 years—two times in a third of a century.

Someone said: "Well, we have Gramm-Rudman-Hollings now, so therefore that takes care of the situation." The Gramm-Rudman-Hollings amendment is merely to try to balance this budget by 1991. That is a statute. A constitutional amendment, if we can get this budget balanced, under Gramm-Rudman-Hollings, will then keep it balanced.

In my opinion, we need to do this for the sake of our economy. We need to do it for the sake of our children and their children and generations to come.

There is no question in my mind that there is no more important issue that Congress can act on this year. Why would anybody be against this? Where is there an individual or a corporation that can stay in business that does not balance its budget but once in 26 years? This Government cannot do it, either. That is the reason why now the interest on the debt is the third largest item in the budget. It is time we reflect and take action.

The Senate passed an amendment similar to this 3 years ago. This is a simpler amendment. It is more direct, and we think it has greater appeal. It is difficult to understand why some people are hesitating about voting for it.

In my opinion, the people are going to remember this vote for a long time, because this is the year, this is the day, this is the chance, this is the op-

portunity to take a permanent step to bring a balanced budget to this country.

Congress has not shown the fortitude to balance the budget, and that is the reason why we have gone for 26 years without balancing the budget but once. Therefore, this will be the opportunity to do that. This is the opportunity to show the people that we stand for a sound financial structure in this country.

This is an opportunity to show the people of this country, the taxpayers, that we favor keeping expenditures within income. If we do not do that, we will continue to go more and more in debt, and finally the Government will become bankrupt.

Mr. President, it is necessary that we take this step. It is important to our people. It is important to our Nation. I sincerely hope that the Senate will see fit to pass this amendment. If we pass it here, I believe we have a fine chance to pass it through the House. I think the House will go with us this time. I hope we will not hesitate to pass this amendment. It is important to the financial structure of this country and the backbone of the economy of this Nation.

Mr. President, as all of my colleagues are aware, amendment of our supreme law is a very serious endeavor. It is an action which should be reserved for those instances when it becomes necessary to protect the fundamental rights of our citizens or to ensure the survival or effectiveness of our system of government.

Mr. President, I believe that the effectiveness, indeed, the very survival of our system of government has become jeopardized by an irrational and irresponsible pattern that has developed and become entrenched in Federal fiscal policy over the last half century. Because of this fiscal policy, those liberties and opportunities of our present and future citizens, which we have come to regard as sacred, are seriously threatened.

For many years, I have believed, as have many other Members of Congress, that the way to reverse the misguided fiscal direction of the Federal Government is by amending the Constitution to mandate, except in extraordinary circumstances, balanced Federal budgets. The threat posed to our Nation's security by the ever-worsening Federal budgetary condition is, I believe, a distinct danger. It makes appropriate, indeed, necessitates a solution in the form of a constitutional amendment.

During the debate on Senate Joint Resolution 225, we have been told by its opponents that self-imposed congressional restraint is what is needed to solve our fiscal woes—not a constitutional amendment. The fact is, however, that in the face of frightening deficits, Congress has not proven that it is capable of such restraint.

Again, some of my colleagues have pointed to the Gramm-Rudman-Hollings balanced budget statute as evidence that a balanced budget constitutional amendment is unnecessary. I supported Gramm-Rudman-Hollings. I remain optimistic that it can succeed. However, we must remain cognizant of the fact that, even if executed to the letter, Gramm-Rudman-Hollings will result in only one balanced Federal budget—that in fiscal year 1991. While a balanced budget in fiscal year 1991 would be cause for celebration, it is sobering to remember that it would be the first balanced Federal budget in 21 years and only the second in nearly a third of a century.

Unfortunately, even if Gramm-Rudman-Hollings is successful, it will not have conclusively reversed the now-entrenched pattern of deficit spending by the Federal Government. Once again the Congress would be unrestrained in its ability to borrow on the credit of future generations.

What is needed today—indeed, what is long overdue—is an addition to our most basic and supreme law which establishes balanced budgets as a fiscal norm, rather than a fiscal abnormality.

Additionally, we cannot ignore the reality that Gramm-Rudman-Hollings is statutory law and nonbinding on any Congress which wishes to alter or abolish its provisions. Regrettably, in the past, self-imposed limitations in the form of statutes or budget resolutions have failed to provide sorely needed fiscal responsibility. Already, press accounts and some of our colleagues have suggested that prospending and antitaxing pressures could cause Congress to look for ways to avoid compliance with Gramm-Rudman-Hollings.

A balanced budget constitutional amendment is necessary because only such an amendment can exert the sort of external constraint and limitation upon Congress which will enable it to resist those pressures. No Congress could ignore its dictates, reverse its effect, or dodge its intent.

Mr. President, the recent history of the Federal Government is, by now, all too well known:

Congress has balanced the Federal budget only once in the last 25 years.

The level of annual budget deficits has grown enormously over this period of time. Since 1970, the United States has incurred the 12 largest peacetime deficits in the history of the Nation.

Last year, the total national debt of the United States soared to more than $2 trillion and continues to increase rapidly.

As a result of a quarter-century of virtually unchecked deficit spending, this Nation has suffered periods of historically unprecedented levels of unemployment, periods of double digit levels of inflation, periods of catastrophically high interest rates, and periods of declining levels of national investment and productivity.

Mr. President, continued deficit spending by the Federal Government will undoubtedly lead the Nation to new periods of economic stagnation and decline. The tax burdens which today's deficits will place on future generations of American workers is staggering. We must reverse the fiscal course of the Federal Government, and I believe that a constitutional amendment is the best way to do it.

The PRESIDING OFFICER. Who yields time?

Mr. BUMPERS. Mr. President, will the manager of the bill for the opponents yield me 2 minutes?

Mr. DECONCINI. Mr. President, I yield 2 minutes to the Senator from Arkansas.

Mr. BUMPERS. Mr. President, there is not one Member of this body who does not understand the politics of this vote. If you vote aye, you do not ever have to explain. In the art of politics, that is the vote that normally prevails around here. But the fact of the matter is that nobody can tell you what an outlay is; nobody can tell you what a receipt is.

We are not talking about waiving this amendment in case of a declared war. We have had five declared wars in the history of this country and many times that number of undeclared wars—including Vietnam and Korea.

You have to have a 60-vote margin, three-fifths of the U.S. Senate, in order to raise the debt ceiling. Let us assume for the purpose of argument that there are 53 Republicans and 47 Democrats. Let us assume that the Republicans want to raise the debt ceiling and the Democrats do not want them to, because we want to force them to raise taxes. All we have to do is vote as a party, and you will have to raise taxes.

There is nothing about this, nothing in this amendment, that permits majority rule. We start off saying that, as a matter of principle, we should balance the budget. Who is opposed to that? Not one person in the U.S. Senate. Everybody agrees with that as a principle. But then what do we do? We follow that by saying, "Except, except, except." It will be waived in this case; it will be waived in that case.

I found one amendment had been dressed up here to make it acceptable, and I find it really is not at all. Under this amendment, you will still have cases of guaranteed loan programs where there can be misjudgments as to how many of those loans are going to be in default. Farmers, small business, students—all get guaranteed loans.

If you misjudge in the budgetary process how many of those loans go into default, the banker who accepted the full faith and credit of the U.S. Government——

The PRESIDING OFFICER. The time has expired.

Mr. BUMPERS. One minute?

Mr. DECONCINI. Mr. President, I yield 30 seconds to the Senator from Arkansas.

Mr. BUMPERS. The banker is going to have to come up here and plead with Congress to vote by a three-fifths majority of both Houses to please pay off his defaulted loan.

When I first came to Congress I supported a very simple constitutional amendment to balance the budget. If you are going to adopt one it ought to be very, very simple.

This one is amazingly complex. You are going to have more lawsuits filed challenging this amendment than you will ever be able to handle.

Mr. President, if every Member of Congress had voted as I have over the last 4 years, our budget would be in balance this year. For the last 3 years, I have championed budget proposals by Senators HOLLINGS and CHILES to freeze spending across the board. These proposals, had they been adopted, would have balanced the budget much sooner than a constitutional amendment would.

In 1981, I voted for the President's massive cuts in spending, but against the 1981 tax cut because I thought $750 billion was too much revenue to lose without sending the Federal deficit out of control. That turned out to be correct. The nonpartisan Congressional Budget Office says that the 1981 tax cut is responsible for 45 percent of our deficits since then and will account for an even higher percentage of our deficits in the next 5 years. In 1982, David Stockman admitted that the whole supply side tax cut notion was drawn up on the back of an envelope, and since then we have doubled the national debt accumulated over the years from George Washington to Jimmy Carter.

Our trillion-dollar national debt, which President Reagan rightly said in 1980 was a national disgrace, is now a two-trillion-dollar debt. Now, we have passed a Balanced Budget Act called Gramm-Rudman. I voted for it, and I believe that even though it isn't perfect, it is forcing Congress to discipline itself as never before. I think it can work, and work now. Bear in mind that this proposed constitutional amendment may never be ratified by the States, and even if it is, will not become effective for years. We need action now, not in 1991. We can have a balanced budget by 1991 under Gramm-Rudman.

For the last 3 years, some of us here have argued until we were blue in the face for a budget freeze—an actual, concrete proposal—which the Congressional Budget Office certified would have balanced the Federal budget by fiscal year 1987. I think the high-water mark for our budget was 36 votes, and I think a lot of other Senators knew in their hearts that we were right and would have voted with us had the President's men not been here working the floor of the Senate in opposition. Our budget freeze even exempted defense.

Mr. President, I do not argue with the intent of this amendment. I firmly believe that the Federal Government—barring war or some national calamity—should have a balanced budget. When I came to the Senate in 1975 after 4 years as Governor of my State, a State which requires a balanced budget, I felt that we should require no less of the Federal Government.

At the time, I even believed that a balanced budget was best accomplished by a constitutional mandate. In the 95th Congress (1977), I sponsored Senate Joint Resolution 2, a very simple constitutional amendment which provided that except in times of war or economic emergency, expenditures of the Federal Government may not exceed revenues in any fiscal year. I still believe in the policy expressed by that amendment, and in the policy expressed by the amendment we are considering today. But it is now clear to me that this amendment, as now worded, should not be part of the Constitution of the United States. We should only amend the Constitution when we are agreed on the purpose of the amendment and further agree that the wording of the amendment accomplishes that purpose. Here I agree with the purpose, but the wording falls far short of implementing the purpose.

I said in 1982:

> This document we call the Constitution is so dear and sacred to me, it is second only to the Holy Bible. Of about 1,900 proposals over a 200-year history, the people of this country in their infinite wisdom have seen fit to tinker with it only 26 times.

When I read Senate Joint Resolution 225 as a part of the Constitution I find it extremely troublesome; I find it a cynical amendment; I find it a hypocritical amendment. This amendment first enshrines the principles of the balanced budget as a fundamental law of the land, and then in the same breath says that this high principle will not always represent wise or appropriate Government policy so it immediately sets up ways to abrogate this principle. The first thing this amendment does is recognize that it won't always be possible—either because of unforeseen national or international crises, economic conditions beyond our control, or simply policy choices made by future Presidents and Congresses—for the U.S. Government to have a zero deficit. So the amendment provides for "flexibility" in application by allowing the balanced-budget mandate to be waived by a three-fifths vote of the Congress.

Mr. President, I know why this waiver is in the resolution. It is there to answer criticisms that the amendment would otherwise be unworkable, and that it would turn future recessions into depressions, that it would hamstring the country in time of war, and so forth. I want to emphasize here that the amendment is self-contradictory. If achieving a balanced budget is such an important and immutable principle, why is half of the amendment taken up with the procedure for abrogating or circumventing this principle?

I want my colleagues to look at this amendment from the standpoint of the Constitution, that sacred document that all of us have sworn to uphold. It is the most brilliant note ever struck off by the mind of man, and I ask you, if this proposal becomes the supreme law of the land, becomes a part of our hallowed Constitution, to consider how this amendment is likely to be implemented and enforced in the way that other constitutional rights and power are enforced.

Incidentally, I heard the Senator from Colorado [Mr. ARMSTRONG], say that he may vote against this amendment because there is no way to enforce it in the courts. Well, Mr. President, I'm not sure I want the Federal judges enforcing this amendment. Does the Senator seriously want the Supreme Court to have the power to raise taxes or to veto defense spending bills. Or would he prefer that the Court enforce the amendment by holding the President and Congress in contempt of court? I, for one, Mr. President, do not want to give any such power to the judiciary.

The sponsors of this amendment openly admit that there will be numerous occasions when receipts and outlays will be out of balance. Incidentally receipts and outlays aren't designed either. Do we really want to create a situation where Congress must vote to waive the Constitution every time we cannot meet the balanced-budget mandate? I know I am painting with a broad brush here. Technically we would not be waiving the Constitution, we would be voting on a constitutional waiver procedure. But does anyone in this Chamber really believe that the public will perceive our actions as technical corrections? I can see the newspaper headlines now: "Congress Waives 27th Amendment; Congress: Thumbs Down on Constitution;" or, perhaps in the New York Post, "Congress to Constitution; Drop Dead."

This amendment says we can waive the amendment in case of a "declaration of war." Defending the Nation is

an absolutely unimpeachable rationale for unbalancing the budget. But we have fought five declared wars in our history and many times that in undeclared wars. Some of our undeclared wars, Korea and Vietnam of late, were just as surely wars as the declared ones, yet they wouldn't qualify, and a 60-percent vote would be required.

And this amendment requires a three-fifths majority to raise the debt ceiling. That means that if one party has 45 Members in the Senate and wants a tax increase, they simply vote against a debt ceiling increase and force the majority party to raise taxes. The most ardent proponents of this amendment vigorously opposed this provision 4 years ago, but now, in order to pick up two or three votes here today, they approve this change. Farmers, small businessmen and students couldn't get guaranteed Government loans because, if there were a default, the banks would have to wait for a three-fifths vote of both Houses to get their money.

I believe that in 1991, when Gramm-Rudman is fully implemented, Congress and the President will work together to maintain a balanced budget, with the flexibility to respond to economic, domestic, and international crises along the way. I hope we have learned our lesson about the impact of excessive deficits on the economy, and I venture to say that we will not willingly sail in those hazardous waters again, with or without a constitutional amendment.

Another aspect of this constitutional amendment proposal which concerns me, as I indicated earlier, is enforcement. I have listened to the debate on this issue and I am not convinced by the sponsors' arguments to the effect that the Federal courts will not be able to review the implementation of this amendment by Congress and the executive branch because of such court-created legal doctrines as "standing" and "political questions." The Judiciary Committee has given its opinion that judicial involvement would be rare because citizens will lack standing to bring suit on violations. If the committee is correct, then the amendment is meaningless because it cannot be enforced.

If the committee is incorrect, then as my good friend the Senator from Maryland, Senator MATHIAS, and others have pointed out, Federal judges could become involved in every detail of Federal spending, in every decision on taxation—either ordering tax increases or sequestering appropriated funds. It is obvious that judicial enforcement of a balanced budget amendment could be a nightmare for the country. And bear in mind that this doctrine of standing, which is supposed to restrain the courts, is partly a matter of judicial philosophy and subject to change. The courts have been increasingly inclined, it seems to me, to hear what are known as taxpayer suits.

I want to commend to all of my colleagues a recent OP-ED piece in the Washington Post by Roy L. Ash, the Director of the Office of Management and Budget in the Nixon and Ford administrations. His arguments against this constitutional amendment are cogent and compelling. First, he points out that a constitutional amendment can be circumvented by a variety of bookkeeping subterfuges. Most States know this. Forty-eight States have constitutional amendments requiring balanced budgets, but they manage to operate because they have placed more than half their debt off budget. In other words, the States can live with a balanced budget requirement because they finance programs and capital expenditures off budget. And, Mr. President, I dare say that Congress would do the same.

Mr. Ash also points out that a constitutional amendment would cause rather dramatic problems at year's end. Suppose 60 days before the end of the year, at which time the budget would have to be in balance, it was projected that spending would be $20 billion over revenues. How can $20 billion be cut out within 60 days? It would be virtually impossible to do so, because it would require a cut in the magnitude of an annual rate of $120 billion to actually remove $20 billion in outlays in a 2-month period.

He also points out an incontrovertible fact. Our defense capability has the most to lose under a constitutional amendment because it is by far the largest discretionary spending program, and the quickest way to get outlay cuts in the defense budget is to reduce our readiness capability—manpower, operations and maintenance.

I ask unanimous consent that Mr. Ash's piece entitled "Worse Than Gramm-Rudman" appear in the RECORD immediately following my remarks.

The PRESIDING OFFICER. Without objection, so ordered.

Mr. BUMPERS. Mr. President, the distinguished Senator from Pennsylvania [Mr. HEINZ], has already pointed out to this body the disastrous consequences a balanced budget constitutional amendment could have on the Social Security Program. That program structures its funding to meet long-term needs. For example, it is currently building up a large surplus in preparation for the retirement of the baby boom generation, beginning around the year 2012. This surplus could be an attractive target under a balanced-budget requirement, but tapping it would only exacerbate future deficits. Moreover, tampering with the long-term integrity of Social Security would breach the faith which currently exists between generations, and would destroy the balancing of the interests of the young and old, rich and poor which lie at the heart of the Social Security Program.

I know the politics of this vote. An aye vote would never have to be explained. One reason we're in this predicament right now, is because the votes that require no explanation prevail so often. But we have a solemn duty to talk to our people as both the popular and the unpopular. I have always placed my faith in the innate common sense of my people. I do so again today. So I will continue voting to balance the budget, but not to place uncertain language in our precious Constitution.

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

[From the Washington Post, March 7, 1986]

WORSE THAN GRAMM-RUDMAN

(By Roy L. Ash)

The Gramm-Rudman "bad idea whose time has come" pales beside the specter of the proposed constitutional amendment to balance the federal budget. The amendment's goal of forcing fiscal discipline is no less noble than the Gramm-Rudman objective. Yet the amendment would do just the opposite of what is intended and result in fiscal chaos. Why?

A constitutional amendment can be negated readily, and undoubtedly would be, by resort to the many bookkeeping subterfuges available. Proponents of the amendment say that our lawmakers are to principled to do this. Yet, 48 states operate under constitutional requirements to balance their budgets. And, upon imposition of such restrictions, they invented ways to remove more than half their aggregate debt from their budgets.

Putting aside the use of bookkeeping artifice, the amendment, if applied, would create operating turmoil by its requirement that actual annual outlays not exceed actual receipts. Every year, the flow of outlays and receipts varies from estimates at the beginning of the year by many billions of dollars for unavoidable, yet acceptable, reasons.

At the end of the year, under the amendment, there must be no deficit. A likely scenario would be to find, four months from year's end, that $20 billion of expenditures must be eliminated during the remaining portion of the year. That's an annual rate of $60 billion.

Who would have the authority to decide what to cut? The president? Congress couldn't act in time for effective implementation. Even if Congress could reach the necessary consensus in a month, and the president would agree, the annual rate of required outlay reductions would then be not $60 billion but $80 billion. Such decisions would have to be made and immediately acted upon.

The consequences to the economy from the annual budget balancing act would be counterproductive. Not only would the short-term flip-flops wreak havoc but the longer-term stabilizing function of fiscal policy would be sacrificed.

The budget's role in balancing the economy is more important than balancing federal bookkeeping. Were the amendment operative, economic decline in any year, which

automatically reduces revenues and generates higher unemployment and other outlays, would force offsetting and Herculean cuts in other programs, further exacerbating the decline.

Conversely, strong economic growth in other years would invite undue federal stimulus. In either case, fiscal management would add to and exaggerate both the growth and slow periods of the economy.

Our defense capability has the most to lose under the proposed amendment. Because it is by far the largest "discretionary" program in the budget, it would suffer the greatest disruptions from expenditure rate changes. And because so much defense spending is for long lead-time weapons purchases, the brunt of the disruption would fall on our readiness capability—manpower, operations and maintenance.

Furthermore, the provision in the proposed amendment waiving its effect if war is declared is too blunt an instrument to deal with real defense needs. It is much more desirable to manage defense policy so as to avoid the declaration of war. That usually involves the buildup of forces to deter others and, if absolutely necessary, to prepare for war. It is ironic that the proposed amendment would require a 60 percent vote to override budget balance so as to avoid war, yet only a 50 percent vote is required to declare war.

Finally, the Constitution is not a trivial document. Violations of it are not inconsequential. Any citizen could bring suit in the courts challenging federal taxing, spending and even bookkeeping actions, asserting his own ideas of how the books should be kept and fiscal policy implemented.

The Gramm-Rudman legal actions so far should give us pause before adopting the even more embracing constitutional amendment. Do we want the courts to make taxing, spending and bookkeeping decisions?

Deficits of the size we've been incurring are unacceptable. But it's not enough just to deplore them in colorful language and then, with an unsupported leap of logic, assert that the only response is a constitutional amendment.

The antidote for a severe headache is not a lobotomy. Almost none of the congressional hearing time spent over recent years has been given to discussion either of alternative responses to the need or of the very practical problems such an amendment would have.

Now that the bill is on the floor, let's seriously discuss the workability of the idea before we enshrine in the Constitution the primacy of bookkeeping, and probably bad bookkeeping at that, over all other national goals, priorities and values.

Mr. DECONCINI. I yield 1 minute to the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas is recognized for 1 minute.

Mrs. KASSEBAUM. Mr. President, I have never believed and I do not today that a procedural mechanism can solve our budget problems. It is a political question and that is why I would urge my colleagues to think seriously about what would be a comforting solution in a constitutional amendment to balance the budget but which I believe has grave consequences for us.

Mr. President, for the second time since I have been privileged to serve in this body, we are debating a measure designed to fundamentally change the Constitution in our quest to balance the Federal budget. Today's debate continues a recent trend that I find alarming. I am speaking of this body's growing preoccupation with finding constitutional solutions to economic and social problems.

Mr. President, I am not, and have never claimed to be, a constitutional scholar. My technical understanding of the finer legal implications of the Constitution, is, I am sure, surpassed by many in this body. However, I choose to believe that relying on my instinctive historical reverence toward the Constitution has served me well on questions of constitutional change.

From my less-than-perfect perspective, I must say I find much about this debate deeply disturbing. It troubles me greatly that Members of this body appear to approach amending the Constitution with the same degree of reverence that city councils approach amending local zoning ordinances. It further troubles me that we appear to be unwilling to give those who authored the Constitution the benefit of the doubt in questions of wisdom and foresight. And finally, it troubles me that we are willing to consider changing the fundamental constitutional allocation of government power for purposes of political expediency.

I cannot count the number of times we have been told that the much-maligned Founding Fathers couldn't have foreseen $200 billion deficits, or a $2 trillion debt, or entitlement spending, or a myriad of other acts of alleged economic irresponsibility. I find those arguments less than compelling. Of course the Founding Fathers couldn't anticipate specific economic, political, or social trends of the distant future. Much to their credit they didn't try. Rather, they anticipated the need for general safeguards against specific acts of government irresponsibility. Those safeguards include public accountability and popular elections.

In the case of Federal spending and the Federal budget, I believe the Founding Fathers displayed exceptional judgment. They laid down no rigid guidelines for governmental fiscal policy in future generations. Instead, they provided for public accountability on the part of those in future generations charged with executing fiscal policy.

First, they vested the power to lay and collect taxes with the Congress and prescribed specific rules for the consideration of all bills raising revenue. Second, they provided that no money shall be drawn from the Treasury unless authorized by Congress through appropriations. Third, they stipulated that a regular statement and account of the receipts and expenditures of all public money shall be made public. And finally, they provided for the regular public election of all those in whom these exclusive powers are vested.

Mr. President, I may be missing something, but the elegant simplicity of this arrangement suggests to me that the Founding Fathers were lacking in neither vision nor judgment. Rather than attempting to prejudge the policy decisions of elected officials from generations yet unborn, the authors of the Constitution provided the framework by which future generations could judge themselves.

The ultimate judge of our fiscal responsibility, or the lack thereof, will be the American electorate. That is as it should be. For us to suggest that a constitutional amendment is necessary to impose fiscal responsibility on an irresponsible Congress is to suggest that the American public is incapable of discharging the most fundamental duty of citizenship in a representative democracy—informed voting. If that is, in fact, the case, then we need more than a constitutional amendment to address the ills of democracy.

Those who are the most vocal in espousing the need for a balanced budget amendment tend to be those whose arguments I find least persuasive and whose motives I find most suspect. I consider particularly puzzling the advertising extravaganza supported by the W.R. Grace Co. proclaiming that we are callous and irresponsible in laying a national debt on future generations.

Let me explain—

All Federal spending can be roughly divided along the lines of spending for investment and spending for current consumption. Investment type outlays range from lending, which yields a monetary return; to the acquisition of physical assets, which yield a stream of services over a period of years; to expenditures for human capital in the form of research, education, and training which also provides for long-term national benefits.

On the other hand, spending for current consumption consists of outlays for operating expenses and personal benefits. The largest and most expensive of programs for current consumption are those paying retirement benefits, medical benefits, veterans benefits, and unemployment benefits.

To the extent that we spend the process of Federal taxing and borrowing for investment purposes, we are providing benefits for future generations. We are leaving our children an extensive system of interstate highways, waste water treatment plants, agricultural watersheds, an air traffic control system, and an extensive military establishment for the continued defense of democracy—to name a few items that come to mind. In addition, we are providing Federal funds for their education, medical reesearch for

their health, and public assistance for their welfare.

Yet to hear, W.R. Grace tell the story, all we are leaving is massive debt. By that logic, any parent who bequeathed his eldest son a controlling interest in General Motors is guilty of child abuse, because GM carries a multimillion dollar debt.

Those who argue that a constitutional amendment will benefit future generations have not examined recent history. We are now in our sixth year of forced budget austerity. The pattern of spending restraint we have followed in the quest for deficit reduction does not lead me to believe that the massive budget cuts required to comply with a constitutional amendment will benefit our children.

Since 1981, Federal deficit reduction efforts have concentrated heavily on investment spending. Major current spending programs have continued to grow. The spending-trend lines for education, research and development, infrastructure programs, job training programs, and nondefense capital assets are going down. On the other hand, spending for retirement programs, medical assistance for the elderly, and other middle-income transfer programs continues to grow.

Our past efforts at spending restraint have not been evenhanded. I suggest that trend will continue and grow if we enact the pending measure. Does anyone really believe that enactment of a balanced budget amendment will lead to major reductions in Social Security, Medicare, veterans pensions, or other middle-class income transfer programs? I doubt it.

If we are to be honest about this legislation, I suggest we begin by ceasing to proclaim it is for the benefit of future generations. We have established a well-defined hierarchy of budget priorities. These priorities will not be easily changed. However, changes will come by political procedures not by a constitutional amendment mandating a balanced budget.

The PRESIDING OFFICER. Who yields time?

Mr. DECONCINI. Mr. President, how much time remains on this side?

The PRESIDING OFFICER. Five minutes is remaining to the side in opposition.

Mr. DECONCINI. I am now controlling the time of the opponents.

Mr. EXON. Will the Senator from South Carolina yield to me for just a few moments to put an appropriate matter in the RECORD?

Mr. DECONCINI. I yield 30 seconds to the Senator from Nebraska.

Mr. EXON. Mr. President, the deficit crisis is the most important economic issue facing the Nation. The accumulated national debt has doubled in the last 5 years and will soon top $2 trillion. The interest expense budget for 1987 alone will exceed the entire 1965 Federal budget.

The supplyside spending binge of the last 5 years has had a devastating effect on rural America. Huge deficits and reckless economic policies have brought high interest rates, the overvalued dollar, low commodity prices, and falling land values. These factors have pushed the Nation's farmers, ranchers, and rural businessmen and women into an economic crisis matched only by the conditions of the Great Depression.

It is time to swim out of our sea of red ink and put our economic ship on course. The balanced budget constitutional amendment will not magically balance the budget or cure our Nation's economic ills. It must be combined with tough action to cut spending and restore fairness to the Nation's Revenue Code.

Mr. President, I have been a long time proponent of the balanced budget constitutional amendment. As the Governor of the great State of Nebraska, I had the benefit of a similar provision in the Nebraska State Constitution. This constitutional mandate forced discipline on the executive and legislative branches of government. Nebraskans take pride in the fact that their State government pays its bills and will not mortgage the future of the next generation.

Certainly, the Federal Government should come under the same discipline. In 1976, while I was Governor of the State of Nebraska, the Nebraska State Legislature overwhelmingly passed a resolution calling on Congress to pass the constitutional amendment to require a balanced budget and, in the alternative, to call a constitutional convention for that purpose.

It was with special satisfaction that I voted in favor of the balanced budget constitutional amendment in the summer of 1982. Unfortunately, the 1982 effort stalled in the House of Representatives. I dare to say that if the 1982 amendment had been sent to the States, it would have been swiftly ratified and the fiscal condition of this Nation would be in a much sounder state.

I was an original cosponsor of Senate Joint Resolution 13, the balanced budget and spending limitation constitutional amendment which was introduced on the first day of the 99th Congress. I am now pleased to have played a role in our current effort to take a giant step toward fiscal sanity.

Mr. President, I am especially grateful to the managers of the balanced budget amendment for their help and cooperation in securing language to involve the President in the budget process. This is a provision I have been promoting for several years. The Metzenbaum-Exon-Gore amendment which requires the President to submit a balanced budget makes the proposed constitutional amendment strong and effective.

As a longtime fiscal conservative, I sincerely believe that a government, like a family or a business, cannot continue to spend more than it has without facing financial ruin. Passage of this constitutional amendment is vital to the future of the Nation.

Mr. President, I urge my colleagues in the strongest terms to support the proposed constitutional amendment to require a balanced budget.

Mr. THURMOND. Mr. President, I yield 1 minute to the distinguished Senator from Oklahoma and remaining time to the distinguished Senator from Utah.

Mr. NICKLES. Mr. President, one, I wish to thank my good friend and colleague, Senator THURMOND, and I compliment Senator THURMOND and also Senator HATCH for the leadership that they have shown in this critical issue.

Mr. President, we have heard people say that the constitutional amendment will not work. It can work. It works in most States. It works in my State of Oklahoma.

Mr. President, we need a constitutional amendment to make us balance the budget. We know, as politicians, we are a lot more popular giving to people than taking it away from them.

I think that is primarily the reason why we have had these deficits for all these years.

Mr. President, I think it is vitally important that we do amend the Constitution, the Constitution that we are sworn to uphold, to make us balance the budget. I hope that our colleagues will support it today.

I thank my good friend and colleague from South Carolina.

The PRESIDING OFFICER. The Senator from Utah is recognized for the remainder of the time.

Mr. THURMOND. I yield the remainder of the time to the senior Senator from Utah.

Mr. HATCH. Mr. President, I get the impression around here that Congress, including this body, has the impulses of Imelda Marcos at a red-dot sale at Shoe Town, that really we have been spending this country blind for most of the last 50-some years. As a matter of fact, for 25 of the last 26 years, we have failed to balance the budget—for 48 of the last 56 years.

You know we can all come up with all the arguments we want and all the excuses we want, but in all honesty, Congress is the problem with this country because we are unwilling to put in the restraints to have to live within our means.

I call Congress 50 percent splendor and 50 percent spender because literally that is what we have done for most of the last 50-some years. If this amendment were put into the Constitution, every Member, whether con-

servative or liberal, every Member would have to live within his means just like every family has to try to live within their means.

I think you know you can say many things about this, and we have said a lot of things throughout the debate.

In a few minutes, the Senate will take a vote destined to be counted among a handful of votes that shaped the 99th Congress and the history of the Nation.

As we approach that pivotal vote, I would like to pause to thank and congratulate my colleagues who have participated on both sides of this momentous debate. At the top of anyone's list of credits on this issue must be the President pro tempore and chairman of the Judiciary Committee. His leadership on this issue only enhances his reputation as one of the giants in the history of this body. Without his leadership, there would be no vote today.

I must also mention the majority leader both for his influence in bringing this resolution to the floor and for his contributions to every decision made about the language and directions of this effort. Senator DECONCINI deserves to be known as one of the chief fathers of this movement. He has brought great stature and leadership to this debate throughout this arduous process. Senator SIMON should be remembered for his courage and dedication. Without him, this amendment may still be stalled in committee. I would be remiss to overlook Senator GRASSLEY, a member of my Constitution Subcommittee, or Senators HEFLIN and DENTON from Alabama, or Senator SPECTER. Each of them has played key roles in this process.

And, of course, I would be remiss in not paying tribute to Senator EVANS and those associated with him. They deserve credit for honorably ensuring a full airing of all the issues involved.

I do not think that any of these good friends and colleagues would disagree with the primary issue: We can't go on this way. No nation can go on borrowing hundreds of billions of dollars each and every year and expect to remain strong—strong economically, strong politically, strong militarily.

Already, our children are shackled with a national debt of over $2 trillion. Already, we face a $170 billion bill each year just to pay the interest on that debt. Our children face even greater burdens in the future. A recent poll showed that 90 percent of Americans agree that "our children and our children's children [should not be] saddled with an enormous national debt."

The opponents of Senate Joint Resolution 225 suggest that the answer to this moral dilemma is that Congress should simply exert its will to balance the budget. Congress has exerted its will, yet we have had deficits for 25 of the last 26 years and 48 of the last 56.

Moreover, we cannot pin this national crisis on past Congresses. The 12 largest deficits in our Nation's history have occurred since 1970, since many of us came to this body. We have run up nearly half of our national debt in just the last 9 years. This congress and its predecessors and successors simply cannot overcome the spending bias without a constitutional tool.

Some of my colleagues would argue that we've already got a tool to balance the budget with the passage of the Gramm-Rudman-Hollings Act. Gramm-Rudman was an important first step down the road to fiscal responsibility. But Gramm-Rudman is only a statute—a statute already undergoing statutory revision as Congress moves toward larger deficits in its recent budget proposals.

Gramm-Rudman avoids the real problem behind Congress' largess. It declares much of the budget off limits entirely—including Social Security and other huge entitlement programs. As a result, Congress is on the road to missing the first-year deficit reduction target by as much as $36 billion. Already, we are beginning to hear complaints that the required cuts would be, well, just too painful. Maybe, we hear, we should just learn to live with hefty deficits well into the 1990's and poke some more holes in Gramm-Rudman's leaky bucket. A Federal court has already declared the law's key enforcement mechanism unconstitutional.

The track record of other statutory restraints on excessive Government spending is not anything to write home about, either. How about Public Law 95-435, requiring a balanced budget for fiscal year 1981? It did not prevent us from ending that fiscal year with a deficit of $50 billion. These statutory restraints just have not worked because they simply can't bind subsequent Congresses.

But even if Gramm-Rudman works—and really, I hope it does—all Gramm-Rudman guarantees is one balanced budget, in fiscal year 1991. It gets the congressional spendaholics back on the wagon, but it doesn't do anything to keep them on.

It is clear that we need something more to ensure that our Nation does not enslave its children with fiscal, if not real, chains. We need the constitutional safeguards in Senate Joint Resolution 225, which the Judiciary Committee approved by the overwhelming vote of 14-4.

Now opponents have charged that Senate Joint Resolution 225 would "trivialize" the Constitution by writing economic policy into it. But it is they who have trivialized the Constitution by knocking out one of its vital underprintings—the unwritten "constitutional" requirement that we not spend more than we take in, absent a war or other emergency.

The reason this rule was left unwritten was that our Founding Fathers and those who followed couldn't imagine any other way of running a government. Thomas Jefferson, Alexander Hamilton, John Adams, James Madison, James Monroe, John Quincy Adams, Andrew Jackson, Andrew Johnson, William McKinley, Benjamin Harrison, Woodrow Wilson, Calvin Coolidge—even Franklin Roosevelt, when he was first elected President—were among those enunciating the unwritten constitutional command for a balanced budget.

The abandonment of this principle has resulted in a decided bias in favor of deficits. Although the potential beneficiaries of a spending program are often a numerical minority, they have a stronger incentive to keep informed, to organize and to lobby for their favorite program than the majority of Americans have in avoiding a few dollars in additional taxes.

Once the restraint and accountability provided by the unwritten balanced requirement were removed, the price of opposing such spending became higher than the price of supporting—and the floodgates of Federal spending were opened. If this process of buying votes with our children's money—and that's really what it is—is not trivializing our constitutional system, then I ask my colleagues to tell me what is.

Senate Joint Resolution 225 is not an attempt, as some charge, to write economic policy into our Constitution. It does not specify any particular level of Federal expenditures, how those expenditures should be apportioned, or how the revenues to pay for those expenditures should be raised.

Senate Joint Resolution 225 does not affect in the slightest the Rural Electrification Program or any other program. Only Congress can change those laws; 225 does not change a single law. It does not require a single spending cut. It does not mandate taxes. It certainly does not require a cut in REA. Only Congress can make changes in REA or any other program.

Moreover, as I have stated numerous times, the Armstrong-Hatch public debt language does not affect REA in the slightest. The public debt language only applies to public debt. Public debt does not include, according to the explicit language of the committee report, Government trust funds, revolving funds—like REA—and agency borrowing. Moreover, as a second level of protection, the Armstrong amendment only applies to borrowing necessary "to fund an excess of outlays over receipts in any fiscal year." REA loans fund rural electrification, not the deficit. This constitutional amendment only affects borrowing by one entity—the U.S. Treasury—and for one purpose—to fund a yearly

deficit. There are three reasons REA is not covered: First, REA is not within Treasury. Second, REA does not fund the deficit. Third REA's borrowing, by the terms of the "Special Analysis of the Budget," is not within the meaning of the term "public debt." REA, CCC, or other agency borrowing and lending are simply not covered by the language of Senate Joint Resolution 225. For three separate reasons, these programs are not covered.

On this point, I would add further that this constitutional amendment should not be appraised on the basis of its impact on one program or another because it does not affect these programs. No language in 225 affects Social Security; indeed the Senate rejected an amendment to exempt that single program. All decisions on how 225 affects programs are left to future Congresses.

Senate Joint Resolution 225 says only that spending should not, in ordinary times, exceed the level of revenues raised. And by requiring a majority, on-the-record vote to raise taxes, it provides accountability for tax increases.

The fact is, Mr. President, the debate over a balanced budget amendment isn't a debate about economics at all. And although Senate Joint Resolution 225 is a political response to a political problem, the debate really isn't about politics, either. It is a debate about the future and survival of our constitutional system of government. If we keep going on this way—and force the collapse of our economy under a mountain of debt—liberty and democracy are likely to be crushed by the falling rocks and boulders.

This debate, then, is really about our freedoms. James Madison, Father of our Constitution, advocated a balanced budget to "liberate the public resources by an honorable discharge of public debt." But this amendment liberates more than the public sources. No man can truly be free when he wears around his neck a millstone of $8,000 in debt incurred against his wishes and outside of his control. No nation can long remain free if its strength is mortgaged for millenia into the future.

In the spirit of the great document created just under 200 years ago, Senate Joint Resolution 225 liberates the American people by limiting the powers of their Government. I urge my colleagues to join me in guaranteeing the rights and liberties our Founding Fathers hoped to preserve in that document, by voting for this vital, liberating amendment.

Mr. President, if I were to end this debate on one thought that I think really makes a lot of sense, it is one my dear colleague from Illinois gave to me just a few seconds ago. I am familiar with this but I did not have the quote with me and I am indebted to him that he gave it to me.

Senator SIMON walked up to me and said this quote by Thomas Jefferson really says it all and I think it does. Jefferson in 1796 said:

> I wish it were possible to obtain a single amendment to our Constitution. I would be willing to depend on that alone for the reduction of the administration of our government to the genuine principles of its Constitution; I mean an additional article, taking from the federal government the power of borrowing.

This amendment would not take away the Federal Government's right to borrow. But it would certainly put upon every Member of Congress the obligation of living within our country's means, especially during times of plenty, something that was absolutely assumed by almost all early Founding Fathers of this country and by almost every political leader in this country's history up until the last 56 years.

Mr. President, this is our chance to turn around the difficulties that this country has undergone.

You have to say the purpose Gramm-Rudman is to take us literally to a balanced budget. Whether it works or not is a real, real question.

The PRESIDING OFFICER. All remaining time has now expired.

Mr. DECONCINI. Mr. President, I note the minority leader is here and he wanted some time. I yield the remainder of our time to the minority leader.

I know eventually that the Senator from Washington did have unanimous consent to enter a statement into the RECORD.

Mr. BYRD. Mr. President, I thank the distinguished Senator from Arizona. I ask unanimous consent that I may revise and extend my remarks in the RECORD.

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

Mr. BYRD. Mr. President, I shall vote against the amendment.

I offered an amendment to the amendment sometime ago which I thought at the time, and still believe, was an improvement over the amendment that is before us. I do compliment, however, those Senators on both sides who have labored so diligently to adopt a constitutional amendment on a balanced budget.

I am confident that every Member in this body approves of a balanced budget, but I do not think that this amendment, worded as it is, will be effective or workable.

I am concerned that it refers to a declaration of war while, as a matter of fact, this country has not fought a declared war since the Second World War. Meanwhile, we have engaged in two undeclared wars, in Vietnam and Korea, and I am concerned that this amendment, the way it is phrased, will possibly make it difficult for this country to deal with an undeclared war or even with "military activities" which may not really come within the definition of a full-blown war.

I understand the distinguished Senator from Washington wishes to insert some remarks in the RECORD.

I yield the floor.

Mr. BAUCUS. Mr. President, for 200 years, Congress has considered amendments to the Constitution. But only 26 have been approved. Americans are very cautious when it comes to changing the document that sets forth the fundamental principles of our republic, and rightfully so.

Once again, however, a constitutional amendment is being advocated. This one, now being considered by the Senate, would require Congress to balance the budget each year.

The Government could operate in the red only if three-fifths of Congress voted to spend more than the Treasury collects. If Congress needed to raise revenues, a majority of Members would be required to approve the revenue bill.

This is an appealing proposal. The current budget system actually encourages the Government to increase spending and taxes. It is time to eliminate this bias.

Budget deficits are choking the economy. Federal borrowing to finance this year's deficit, estimated to top $200 billion is drying up credit for private business and helping to keep interest rates high.

But we should not let ourselves be hoodwinked into amending the Constitution to correct these problems.

The substantive provisions of the amendment can make a real difference in the way the Government conducts its business. I support requiring a three-fifths majority for the approval of a budget deficit. I support the principle of avoiding hidden tax increases. I support making Members of Congress vote on all tax increases.

But the real question is whether these provisions should be in the Constitution. I don't believe they should be.

The Constitution was not designed to include specific rules to respond to short-term problems. A constitutional amendment would put the Supreme Court and the lower Federal courts in the business of enforcing the balanced budget provisions and to interpret the economic terms in the amendment. Congress should heed the words of Justice Oliver Wendell Holmes who cautioned, "The Constitution should not embody any particular economic theory."

The constitutional amendment raises another problem. The ratification process can take up to 7 years. Americans can't wait that long. This amendment is little comfort to those suffering today because U.S. jobs are

going overseas and while unemployment here at home remains far too high.

Congress and the President must regain control of the economy. But the constitutional amendment to balance the budget is not the appropriate tool for that task. During the 1982 debate on the balanced budget amendment, I offered an alternative which the Senate rejected: Put the provisions of the amendment in statute, not the Constitution. Since then, I have twice offered an across-the-board budget freeze and I voted for the Balanced Budget Act of 1985, also called the Gramm-Rudman-Hollings bill.

The point is that if Congress is really serious about having a balanced budget, let us roll up our sleeves and start working on one now, not 7 years down the road. Let us stop talking about reducing the deficit and start making the tough decisions on what we can afford and what we need in our Federal budget, and what we can live without.

I am strongly committed to balanced budgets. I am willing to make the tough choices involved in cutting Federal spending. But let's not be stampeded into approving the constitutional amendment because it's the politically popular thing to do. People balance budgets, not constitutional clauses.

Mr. EVANS. Mr. President, is there any time remaining?

The VICE PRESIDENT. There are 2 minutes remaining.

Mr. EVANS. Will the Senator from Arizona yield 1 minute to the Senator from Rhode Island?

Mr. DECONCINI. I am glad to yield a minute to the Senator from Rhode Island.

Mr. CHAFEE. Mr. President, no domestic problem facing this Nation is in greater need of a solution than the Federal deficit. No problem has been discussed more thoroughly here in the Senate in the past year, and no Senator is more anxious than I am to find a solution. Though the idea of eliminating deficits by simply making them unconstitutional has some appeal, I believe it is the wrong approach, and I must oppose it.

Enactment of a constitutional requirement for a balanced budget would represent a false promise to the American people, set a bad constitutional precedent, and establish a rigid budgetary framework which could be harmful to our economy.

The biggest domestic problem facing us today is not that the budget is out of balance. It is the extent to which it is out of balance. Now the whole economy is out of balance because of these horrendous deficits, still hovering around $200 billion. They threaten our economic recovery and will lead to higher interest rates and skyrocketing unemployment if left unchecked. They are adding to a growing debt which continues to compete with other pressing problems for scarce Federal resources.

Approving a constitutional amendment to require a balanced budget in 1991 will do nothing to address this problem. The deficit is a problem today. The consequences of ignoring the deficit are damaging today. And the tools for resolving the problem are in our hands today if we have the will to use them.

I believe there is cause for optimism that Congress is ready to use those tools. Passage of the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act last year has imposed new discipline on our budget process. It has established binding targets for reducing the deficit which, if not met, will trigger across-the-board cuts which none of us would welcome. And it has strengthened the budget process by placing the debate on a pay-as-you-go basis: those who would spend more in any area will have to show how their ideas will be paid for elsewhere in the budget. This will make Members of Congress accountable today for decisions to increase spending.

In adopting the Gramm-Rudman-Hollings plan we recognized that we cannot and need not wait for a mandate from the States to reduce Federal deficits. Congress and the administration can cut the deficits if both are willing to make choices. We now have a law in place which will force such choices. Our challenge this year is to meet the law's deficit reduction targets and at the same time shape a responsible budget. I am optimistic that we can do both.

If precisely balanced budgets were judged to be a realistic and desirable goal, Congress could amend its rules today to make unbalanced budgets out of order. But the measure we are debating today would enshrine this economic theory in the Constitution of the United States. This would be both an unnecessary and inappropriate use of the Constitution, which up until now has functioned to establish the framework of government and to protect basic individual freedoms, goals for which the regular legislative process is inadequate.

The Gramm-Rudman-Hollings plan is the embodiment of an economic theory that high deficits are a threat to our economy. This theory is widely shared today. But Congress will have the power to alter the law if necessary to make it work more effectively in the future. A change would be harder to accomplish if Gramm-Rudman-Hollings were part of the Constitution. As fiscal doctrine, it does not belong in the Constitution and neither does a balanced budget requirement.

The balanced budget amendment embodies the same theory, admittedly a popular one at the moment. But will it withstand the changes of events and shifts of opinion through decades to come? It does not meet the test laid down by Alexander Hamilton in the Federalist No. 34, when he wrote:

> Constitutions of civil government are not to be framed upon a calculation of existing exigencies, but upon a combination of these with the probable exigencies of ages * * *. Nothing, therefore, can be more fallacious than to infer the extent of any power proper to be lodged in the national government for an estimate of its immediate necessities. There ought to be a capacity to provide for future contingencies as they may happen; and as these are illimitable in their nature, so it is impossible safely to limit that capacity.

Reducing the deficit is an immediate necessity for which no constitutional amendment is needed. But adopting a constitutional requirement for a balanced budget would hinder our capacity to provide for future contingencies, and would therefore be unwise.

Even if it was appropriate to include an economic theory in the Constitution, a rigid requirement for a balanced budget would be the wrong theory. Such a requirement could create unintended, dangerous economic dislocations during recessionary periods. We are just now starting to recover from a recession whose effects—high unemployment and a stagnating economy—would have been worse if a balanced budget amendment were in place.

In a time of recession, the massive outlay reductions and revenue increases needed to keep the budget precisely in balance would hinder economic growth and prolong the recession. And the programs in place to fight the effects of recessions, such as unemployment compensation and social welfare programs, could be weakened by cuts just when they are most needed.

The measure before us today is not the true test of where the Senate stands on the deficit problem. That test will come in the weeks and months ahead as we use the tools at hand to bring the deficit under control. Will we adopt a fair and responsible budget which meets the Gramm-Rudman-Hollings goals? Will we work to ensure that these goals are adhered to in the appropriations process?

These are the tests that count. If we succeed, great things are ahead for our Nation. If we fail, it will take more than a balanced budget amendment to solve our problems.

We have the capacity to limit it in this Nation if we would only act upon them. It seems to me it is not necessary to have this very convoluted as I see it, constitutional amendment. So for those reasons, I will vote against it. I thank the distinguished Senator from Washington.

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

The VICE PRESIDENT. All time has expired.

The question is on Senate Joint Resolution 225. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

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

The result was announced—yeas 66, nays 34, as follows:

[Rollcall Vote No. 45 Leg.]

YEAS—66

Abdnor	Gore	Nunn
Andrews	Gramm	Packwood
Armstrong	Grassley	Pell
Bentsen	Harkin	Pressler
Bingaman	Hatch	Proxmire
Boren	Hawkins	Pryor
Boschwitz	Hecht	Quayle
Chiles	Heflin	Roth
Cochran	Helms	Rudman
D'Amato	Hollings	Sasser
Danforth	Humphrey	Simon
DeConcini	Johnston	Simpson
Denton	Kasten	Specter
Dixon	Laxalt	Stennis
Dole	Long	Stevens
Domenici	Lugar	Symms
Durenberger	Mattingly	Thurmond
East	McClure	Trible
Exon	McConnell	Wallop
Ford	Melcher	Warner
Garn	Murkowski	Wilson
Goldwater	Nickles	Zorinsky

NAYS—34

Baucus	Glenn	Mathias
Biden	Gorton	Matsunaga
Bradley	Hart	Metzenbaum
Bumpers	Hatfield	Mitchell
Burdick	Heinz	Moynihan
Byrd	Inouye	Riegle
Chafee	Kassebaum	Rockefeller
Cohen	Kennedy	Sarbanes
Cranston	Kerry	Stafford
Dodd	Lautenberg	Weicker
Eagleton	Leahy	
Evans	Levin	

The PRESIDING OFFICER. On this vote, there are 66 yeas, and 34 nays. Two-thirds of the Senate not having voted in the affirmative, the joint resolution is rejected.

Mr. BYRD. Mr. President, I move to reconsider the vote by which the resolution was rejected.

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

The motion to the lay on the table was agreed to.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER (Mr. STEVENS). The majority leader.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, there will be no further votes tonight.

The PRESIDING OFFICER. Will the leader say that louder? There will be less noise in the Senate.

Mr. DOLE. There will be no further votes this evening.

Mr. BYRD. Mr. President, may we have order so that the majority leader may be heard?

The PRESIDING OFFICER. Will the Senate please come to order?

Mr. BYRD. Mr. President, while the majority leader has the floor, and has indicated there will be no more rollcall votes today, may I ask the distinguished majority leader if he might tell us what the program will be for tomorrow, for Thursday, if possible, and whether we will have votes tomorrow.

Mr. DOLE. Mr. President, it would be my hope that we could complete the water resources bill this evening. That would take unanimous consent because we are still on a motion to proceed on the airports compact. I think we could obtain that unanimous consent. However, we are not quite ready yet to complete the water resources bill.

I am advised we might be able to do that tomorrow morning and do it probably in 30 minutes to 1 hour.

If that were the case, I would do that in the morning and then move to the Contra aid resolution, which we have been attempting to put together in a bipartisan way. We may not be able to do that. In any event, as soon as we complete the water resources bill, then we would move to the Contra resolution and try to complete action on that tomorrow evening. There are 10 hours allowed under the statute.

If we could finish tomorrow night, we would have to make a decision on whether or not we would go back to the airports compact bill on Thursday.

Mr. BYRD. Mr. President, I thank the distinguished majority leader. He does foresee a session for Thursday?

Mr. DOLE. Based on the uncertainty about the Contra resolution, whether we will finish it tomorrow night, I would say there would be a session.

Mr. BYRD. Would the distinguished majority leader indicate the hour——

Mr. STENNIS. Mr. President, it is impossible to hear because of the noise in the Chamber.

The PRESIDING OFFICER. The Senator from Mississippi is absolutely correct. The Senate will please be in order.

Mr. BYRD. Mr. President, would the distinguished majority leader indicate his intentions with respect to a convening hour tomorrow?

Mr. DOLE. If we come in about 9 o'clock, there would be special orders and, hopefully, we could get on the water resources bill by 10 o'clock and complete it by 11 o'clock. But if we cannot get consent to proceed to the water bill, then we would go to the Contra aid bill.

Perhaps the distinguished Senator from Maryland can answer whether we would be able to complete action on the water bill tomorrow.

Mr. President, what would be the pending business?

The PRESIDING OFFICER. The motion to proceed would be the pending business.

Mr. DOLE. I would need his consent to go to the water bill.

Mr. KERRY. Mr. President, is it the intention of the majority leader to complete the Contra resolution tomorrow night, no matter what?

Mr. DOLE. It would depend on the debate.

Mr. KERRY. There are 10 hours.

Mr. DOLE. If we were on the Contra aid resolution by 11 o'clock tomorrow, and quorum calls and rollcall votes do not come out of the 10 hours, it is conceivable we could complete action on the Contra measure by 9 o'clock tomorrow evening, with the cooperation of all Members.

Mr. SARBANES. Mr. President, I will say to the majority leader I am anxious to help cooperate and clear the program for Senate consideration that he is talking about, the water resources bill and the Contra aid bill. I do think, frankly, that the airports bill ought to go over until after the recess. I think there should be a legitimate substantive period to consider amendments, and so forth, that will be needed on that bill. Those are not just my own amendments but amendments that others have as well. I would expect at some point after the recess, when the majority leader would want to, we could return to it.

Mr. DOLE. Mr. President, if we could agree when we come back that we would be on the bill rather than on a motion to proceed, it would be fine with this Senator, if we complete action, to go out tomorrow night rather than meet on Thursday.

Mr. SARBANES. I think that would be all right. I would like to discuss it with some of my colleagues. I certainly want to cooperate concerning consideration of the water resources bill and the Contra aid issue.

Mr. DOLE. I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I look forward to debate on Contra aid. I want to indicate to the leader and others that we are quite prepared to offer an amendment that would terminate all military assistance, including humanitarian assistance, and I hope we could get started with the matter at an early hour. I would be happy to lay down my amendment as the first amendment, and to confer with others as to the allocation of time.

Mr. CRANSTON. Will the Senator yield?

Mr. DOLE. I yield to the Senator from California.

Mr. CRANSTON. Is it the leader's intention to have debate tonight on Nicaragua?

Mr. DOLE. I do not think that is possible. I have not had an opportunity to discuss that with the distin-

guished minority leader. I do not think we can do it this evening. In fact, I am prepared to wrap this up.

APPOINTMENTS BY THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. On behalf of the majority leader and minority leader, in accordance with Public Law 96-114, as amended by Public Laws 98-33 and 99-161, I appoint the following members of the Congressional Award Board:

Senator MALCOLM WALLOP, Senator PAUL SIMON, Mr. Ben H. Love, Mr. Joshua Miner, Sir Gordon White, Miss Cathy Lee Crosby, Mr. Donald R. Keough, Mr. S. Lee Kling, the Honorable Shirley A. Chisholm, and Mr. Phillip V. Sanchez.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. On behalf of the Vice President, in accordance with 10 U.S.C. 9355(a), I appoint the following Members to the Board of Visitors, U.S. Air Force Academy: Senator TED STEVENS and Senator BARRY GOLDWATER.

On behalf of the Vice President, in accordance with title 46, section 1295(b) of the United States Code, I appoint the following Members to the Board of Visitors, U.S. Merchant Marine Academy: Senator ROBERT KASTEN and Senator JOHN DANFORTH.

On behalf of the Vice President, in accordance with title 14, section 194(a) of the United States Code, I appoint the following Members to the Board of Visitors, U.S. Coast Guard Academy: Senator JOHN DANFORTH and Senator BOB PACKWOOD.

On behalf of the Vice President, in accordance with 10 U.S.C. 4355(q), I appoint the following Members to the Board of Visitors, U.S. Military Academy: Senator LOWELL WEICKER and Senator PHIL GRAMM.

On behalf of the Vice President, in accordance with 10 U.S.C. 6968(a), I appoint the following Members to the Board of Visitors, U.S. Naval Academy: Senator MARK O. HATFIELD and Senator JEREMIAH DENTON.

ORDER OF PROCEDURE

Mr. BYRD. Mr. President, there is still some lack of understanding on this side of the aisle, perhaps because of the confusion in the Chamber, as to whether or not the distinguished majority leader will attempt to drive for a final vote on the Contra aid tomorrow, and, if that is achieved, I believe I understood the distinguished majority leader to indicate the Senate would not be in Thursday.

Mr. DOLE. If I can work out something with the Senator from Maryland, Senator SARBANES, so that when we come back after the recess we will be on the bill itself rather than a motion to proceed to consider the bill, then I would be prepared to say we would not have a session on Thursday if we complete action on Contra aid. Otherwise, I would want the clock to start running on Thursday.

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

Mr. DOLE. I yield.

Mr. SARBANES. It seems to me something could be worked out. Since the Senate voted cloture today on the motion to proceed, the next phase will be to consider substantive amendments to the airports bill which a number of Members have. That could reasonably be undertaken after the recess.

Mr. DOLE. I think there is a good chance tomorrow evening to be able to leave 1 day early and when we come back the airports bill will be pending. I do not want to deprive the Senator from Maryland of his right, but I hope we could come back and be on the bill.

Mr. STENNIS. Mr. President, does that mean that tomorrow we will begin the water bill?

Mr. DOLE. There has been an indication by the Senator from Maryland [Mr. SARBANES] that he would not object to that. I believe we may be very near working out some of the final problems. If that is the case, I am advised by the managers that that bill can be disposed of in about an hour.

Mr. STENNIS. That is very fine indeed. I shall certainly be here for the water measure.

I thank the Senator.

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

THE DEBATE ON THE BALANCED BUDGET AMENDMENT

Mr. DOLE. Mr. President, I want to indicate for the record that we considered the balanced budget amendment Senate Joint Resolution 225, on March 6, 7, 10, 11, 12, 13, 18, and 25, a total of 8 days. We consumed 34 hours as of 6:10 p.m. today. There were 8 rollcall votes and 12 amendments and motions considered: 5 agreed to, 2 rejected and 4 tabled. One was withdrawn.

I also want to again thank the distinguished chairman of the committee [Mr. THURMOND]; the distinguished manager on the Democratic side [Mr. DECONCINI]; Senator SIMON, who played an important role on the Democratic side; and, of course, Senator HATCH, who has been in the forefront of this issue for a long, long time.

I regret that we railed by one vote—one vote—to indicate to the American people that we are still concerned about deficits in 1991 and beyond by submitting to the States or at least sending to the House a constitutional amendment for a balanced budget.

The debate was good. The votes were not there. I commend my colleagues on both sides of the argument. It was very close, and could not have been closer. One more vote, would have changed the outcome.

I assume that we will not revisit this matter this year, but we will continue to work in the States—in the State of Michigan, the State of Kentucky, the State of West Virginia, and other States where there may be an opportunity to have the State legislature petition the Congress for a constitutional convention. Other States in which there may be a chance are Connecticut, and the State of Washington. There are a number of States that have this under consideration.

Again, I thank my colleagues. I hope that when it is debated again we shall be successful. In the interim, maybe the States will be successful in calling the constitutional convention. We have demonstrated that we are almost there, but not quite.

For those who supported the measure, I extend my appreciation. To those who opposed it, I congratulate them for a victory and a very effective debate.

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

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

GREEK INDEPENDENCE DAY

Mr. HELMS. Mr. President, on behalf of Senator SPECTER, and other Senators, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A Senate joint resolution (S.J. Res. 308) designating March 25, 1986, as Greek Independence Day: A National Day of Celebration of Greek and American Democracy.

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. SPECTER. Mr. President, today I am introducing a joint resolution to designate March 25, 1986, as Greek Independence Day and a Celebration of Greek and American Democracy.

One hundred and sixty-five years ago the Greeks began the revolution that would free them from the Ottoman Empire and return Greece to its

democratic heritage. It was, of course, the ancient Greeks who developed the concept of democracy in which the supreme power to govern was vested in the people. Our Founding Fathers drew heavily upon the political and philosophical experience of ancient Greece in forming our representative democracy. How fitting, then, that we should recognize the anniversary of the beginning of their effort to return to that democratic tradition.

This democratic form of government is only the most obvious of the many benefits we gained from the Greek people. The ancient Greeks contributed a great deal to the modern world and particularly to the United States of America, including art and philosophy, science, and law. Today, Greek Americans continue to enrich our culture and to make valuable contributions to American society, business, and government.

In the next few days, Secretary of State Shultz will be going to Greece to reaffirm our links with that country. It is my hope that the strong support for this joint resolution in Congress will serve as a clear goodwill gesture to the people of Greece with whom we have enjoyed such a close bond throughout history.

I am pleased to sponsor this joint resolution today, along with my distinguished colleague from New Jersey, Senator FRANK LAUTENBERG, and Mr. BOSCHWITZ, Mr. D'AMATO, Mr. THURMOND, Mr. MURKOWSKI, Mr. HATCH, Mr. WARNER, Mr. PRESSLER, Mr. HEINZ, Mr. ROTH, Mr. TRIBLE, Mr. BIDEN, Mr. BRADLEY, Mr. BURDICK, Mr. CRANSTON, Mr. DECONCINI, Mr. DIXON, Mr. DODD, Mr. EAGLETON, Mr. GORE, Mr. HARKIN, Mr. JOHNSTON, Mr. KENNEDY, Mr. KERRY, Mr. LEAHY, Mr. LEVIN, Mr. METZENBAUM, Mr. PELL, Mr. MOYNIHAN, Mr. RIEGLE, Mr. ROCKEFELLER, Mr. SARBANES, Mr. SIMON, Mr. SASSER, Mr. ZORINSKY, and Mrs. HAWKINS, to designate March 25, 1986, "Greek Independence Day: A National Day of Celebration of Greek and American Democracy."

Mr. LAUTENBERG. Mr. President, I am pleased to introduce, along with Senator SPECTER, this resolution to designate March 25, 1986, as Greek Independence Day: A National Day of Celebration of Greek and American Democracy. This resolution also asks the President to issue a proclamation calling upon the people of the United States to observe the designated day with appropriate ceremonies and activities.

March 25, 1986, marks the 165th anniversary of the beginning of the revolution which freed the Greek people from the Ottoman Empire. It is fitting that we celebrate this day together with Greece in order to reaffirm the common democratic heritage of Americans and Greeks.

The ancient Greeks forged the very notion of democracy, in which the ultimate power to govern was vested in the people. As Aristole said:

> If liberty and equality, as is thought by some, are chiefly to be found in democracy, they will be attained when all persons alike share in the government to the utmost.

Because the concept of democracy was born in the age of the ancient Greeks, all Americans, whether or not of Greek ancestry, are kinsmen of a kind to the ancient Greeks. Indeed, our own Founding Fathers drew heavily upon the political and philosophical experience of ancient Greece in forming our representative democracy.

Constitutional democracy has made the American way of life possible. It established the precious freedoms of speech, religion, and assembly which Americans cherish, and which are so fundamental to American democracy. For that contribution alone, we owe a heavy debt to the Greeks. The common heritage which we share has forged a close bond between Greece and the United States, and between our peoples. And it is reflected in the numerous contributions made by present day Greek Americans in New Jersey and across the country to our American culture.

I urge my colleagues to pass this resolution as a tribute to those contributions, past and present, which have greatly enriched American life.

Mr. SARBANES. Mr. President, on this day, 165 years ago, the Greek nation began an arduous struggle to reestablish its independence after nearly four centuries of tyrannous Turkish Ottoman rule. Struggling for nearly a decade against tremendous odds, the Greek patriots ultimately succeeded in reaffirming both the independence of Greece and the freedom and integrity of the individual.

Regarded skeptically by the monarchial governments of Europe, the uprising in Greece nonetheless captured the imagination and commanded the admiration of many of the European people. In the preface to his poem "Hellas" Shelley wrote: "Our laws, our literature, our religion, our arts have their roots in Greece;" he concluded the poem with "The world's great age begins anew, The golden years return."

Nowhere was there greater enthusiasm for the Greek struggle, however, than in the young American Republic, where the recent experience of colonial domination overthrown and democratic republic established was very vivid. State legislatures and town meetings across the Nation passed resolutions in support of the Greek effort, and Congressman Daniel Webster put the Greek case to his House colleagues in the 18th Congress.

He said on the floor of the House of Representatives in 1823:

> The Greeks a people of intelligence, ingenuity, refinement, spirit, and enterprise, have been for centuries under the most atrocious, unparalleled Tartarian barbarism that ever oppressed the human race.

He continued:

> They look to us as the great Republic of the Earth and they ask us by our common faith, whether we can forget that they are now struggling for what we can now so ably enjoy? I cannot say, sir, that they will succeed: that rests with heaven. But for myself, sir, if we tomorrow hear that they have failed—that their last phalanx had sunk beneath the Turkish scimitar—that the frames of their last city had sunk in ashes and that naught remained but the wide melancholy waste where Greece once was, I would still reflect with the most heartfelt satisfaction, that I had asked you, in the name of seven millions of freemen, that you would give them at least a cheering of one friendly voice.

The ties which join the two nations and the two peoples were thus forged in the early days of the American Republic, as the war in Greece for Greek independence was being waged. For more than 150 years they have been reinforced in countless ways, the enduring ties of history reaffirmed by the very personal ties which join the American and Greek peoples, and by the role Americans of Greek background play in our own national life.

As nations and peoples, Americans and Greeks were steadfast allies in World War I. In the bleak early days of World War II the Greek defeat of Mussolini's army gave the besieged free world its first victory over the Axis powers, forcing Hitler to despatch his own armies to occupy Greece. Nowhere was the Nazi occupation more brutal than in Greece; and nowhere, in turn, was the resistance more determined or heroic than in Greece. In the postwar period, the commitment of President Harry Truman and the American people helped the people of Greece to turn back a Communist insurgency and to rebuild their country, ravaged by years of armed conflict. Today Greece is a stable democracy, a member of the NATO alliance and of the European Community.

Throughout their long history, often in the face of great adversity, the Greeks have maintained their abiding commitment to freedom; and they remain deeply concerned, therefore, over the situation on Cyprus, where for nearly 12 years Turkish occupation, imposed by force, has routed several hundred thousand Greek Cypriots from their homes and communities divided the island Republic. The Greeks know from their own experience that freedom is not divisible; and like lovers of freedom everywhere they seek the restoration of peace, justice, and national integrity to Cyprus.

Mr. President, it is fitting today to mark Greek Independence Day, because the Greek War of Independence

has significance for all of us. It is not only an inspiring chapter in the long history of Greece's steadfast devotion to the principles we also cherish; it is a milestone in the struggle for freedom in the modern world.

The PRESIDING OFFICER. The resolution is open to amendment. If there be no amendments to be proposed, the question is on the engrossment and third reading of the resolution.

The Senate joint resolution was ordered to be engrossed for a third reading, was read the third time, and passed.

The preamble was agreed to.

The resolution with its preamble, is as follows:

Whereas the ancient Greeks developed the concept of democracy, in which the supreme power to govern was vested in the people;

Whereas the Founding Fathers of the United States of America drew heavily upon the political and philosophical experience of ancient Greece is forming our representative democracy;

Whereas March 25, 1986, marks the one hundred and sixty-fifth anniversary of the beginning of the revolution which freed the Greek people from the Ottoman Empire;

Whereas these and other ideals have forged a close bond between our two nations and their people; and

Whereas it is proper and desirable to celebrate with the Greek people, and to reaffirm the democratic principles from which our two great nations sprang: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That March 25, 1986 is designated "Greek Independence Day: A National Day of Celebration of Greek and American Democracy", and that the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe the designated day with appropriate ceremonies and activities.

Mr. HELMS. I move to reconsider the vote by which the joint resolution was passed.

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

The motion to lay on the table was agreed to.

REMOVAL OF INJUNCTION OF SECRECY

Mr. HELMS. Mr. President, as in executive session,

I ask unanimous consent that the injunction of secrecy be removed from the following six bilateral investment treaties transmitted to the Senate today by the President of the United States:

Investment Treaties with Panama (Treaty Document 99-14), Senegal (Treaty Document 99-15), Haiti (Treaty Document 99-16), Zaire (Treaty Document 99-17), Morocco (Treaty Document 99-18), and Turkey (Treaty Document 99-19).

I also ask that the treaties be considered as having been read the first time; that they be referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed; and that the President's messages be printed in the RECORD.

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

The messages of the President are as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty between the United States of America and the Republic of Panama concerning the Treatment and Protection of Investments, with Agreed Minutes, signed October 27, 1982, at Washington. I transmit also, for the information of the Senate, the report of the Department of State with respect to this treaty.

This treaty is among the first six treaties to be transmitted to the Senate under the Bilateral Investment Treaty (BIT) program that I initiated in 1981. The BIT program is designed to encourage and protect U.S. investment in developing countries. The treaty is an integral part of U.S. efforts to encourage Panama and other governments to adopt macroeconomic and structural policies that will promote economic growth. It is also fully consistent with U.S. policy toward international investment. That policy holds that an open international investment system in which participants respond to market forces provides the best and most efficient mechanism to promote global economic development. A specific tenet, reflected in this treaty, is that U.S. direct investment abroad and foreign investment in the United States should receive fair, equitable, and nondiscriminatory treatment. Under this treaty, the parties also agree to international law standards for expropriation and compensation; free financial transfers; and procedures, including international arbitration, for the settlement of investment disputes.

I recommend that the Senate consider this treaty as soon as possible, and give its advice and consent to ratification of the treaty, with agreed minutes, at an early date.

RONALD REAGAN.

THE WHITE HOUSE, *March 25, 1986.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty between the United States of America and the Republic of Senegal concerning the Reciprocal Encouragement and Protection of Investment, with Protocol, signed December 6, 1983, at Washington. I transmit also, for the information of the Senate, the report of the Department of State with respect to this treaty.

This treaty is among the first six treaties to be transmitted to the Senate under the Bilateral Investment Treaty (BIT) program that I initiated in 1981. The BIT program is designed to encourage and protect U.S. investment in developing countries. The treaty is an integral part of U.S. efforts to encourage Senegal and other governments to adopt macroeconomic and structural policies that will promote economic growth. It is also fully consistent with U.S. policy toward international investment. That policy holds that an open international investment system in which participants respond to market forces provides the best and most efficient mechanism to promote global economic development. A specific tenet, reflected in this treaty, is that U.S. direct investment abroad and foreign investment in the United States should receive fair, equitable, and nondiscriminatory treatment. Under this treaty, the parties also agree to international law standards for expropriation and compensation; free financial transfers; and procedures, including international arbitration, for the settlement of investment disputes.

I recommend that the Senate consider this treaty as soon as possible, and give its advice and consent to ratification of the treaty, with protocol, at an early date.

RONALD REAGAN.

THE WHITE HOUSE, *March 25, 1986.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty between the United States of America and the Republic of Haiti concerning the Reciprocal Encouragement and Protection of Investment, with Protocol, signed December 13, 1983, at Washington. I transmit also, for the information of the Senate, the report of the Department of State with respect to this treaty.

This treaty is among the first six treaties to be transmitted to the Senate under the Bilateral Investment Treaty (BIT) program that I initiated in 1981. The BIT program is designed to encourage and protect U.S. investment in developing countries. The treaty is an integral part of U.S. efforts to encourage Haiti and other governments to adopt macroeconomic and structural policies that will promote economic growth. It is also fully consistent with U.S. policy toward international investment. That policy holds that an open international investment system in which participants respond to market forces provides the best and most efficient mechanism to promote global economic development. A specific tenet, reflected in this treaty, is that U.S. direct investment

abroad and foreign investment in the United States should receive fair, equitable, and nondiscriminatory treatment. Under this treaty, the parties also agree to international law standards for expropriation and compensation; free financial transfers; and procedures, including international arbitration, for the settlement of investment disputes.

I recommend that the Senate consider this treaty as soon as possible, and give its advice and consent to ratification of the treaty, with protocol, at an early date.

RONALD REAGAN.

THE WHITE HOUSE, *March 25, 1986.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty between the United States of America and the Republic of Zaire concerning the Reciprocal Encouragement and Protection of Investment, with Protocol, signed August 3, 1984, at Washington. I transmit also, for the information of the Senate, the report of the Department of State with respect to this treaty.

This treaty is among the first six treaties to be transmitted to the Senate under the Bilateral Investment Treaty (BIT) program that I initiated in 1981. The BIT program is designed to encourage and protect U.S. investment in developing countries. The treaty is an integral part of U.S. efforts to encourage Zaire and other governments to adopt macroeconomic and structural policies that will promote economic growth. It is also fully consistent with U.S. policy toward international investment. That policy holds that an open international investment system in which participants respond to market forces provides the best and most efficient mechanism to promote global economic development. A specific tenet, reflected in this treaty, is that U.S. direct investment abroad and foreign investment in the United States should receive fair, equitable, and nondiscriminatory treatment. Under this treaty, the parties also agree to international law standards for expropriation and compensation; free financial transfers; and procedures, including international arbitration, for the settlement of investment disputes.

I recommend that the Senate consider this treaty as soon as possible, and give its advice and consent to ratification of the treaty, with protocol, at an early date.

RONALD REAGAN.

THE WHITE HOUSE, *March 25, 1986.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty between the United States of America and the Kingdom of Morocco concerning the Encouragement and Reciprocal Protection of Investments, with Protocol, signed July 22, 1985, at Washington. I transmit also, for the information of the Senate, the report of the Department of State with respect to this treaty.

This treaty is among the first six treaties to be transmitted to the Senate under the Bilateral Investment Treaty (BIT) program that I initiated in 1981. The BIT program is designed to encourage and protect U.S. investment in developing countries. The treaty is an integral part of U.S. efforts to encourage Morocco and other governments to adopt macroeconomic and structural policies that will promote economic growth. It is also fully consistent with U.S. policy toward international investment. That policy holds that an open international investment system in which participants respond to market forces provides the best and most efficient mechanism to promote global economic development. A specific tenet, reflected in this treaty, is that U.S. direct investment abroad and foreign investment in the United States should receive fair, equitable, and nondiscriminatory treatment. Under this treaty, the parties also agree to international law standards for expropriation and compensation; free financial transfers; and procedures, including international arbitration, for the settlement of investment disputes.

I recommend that the Senate consider this treaty as soon as possible, and give its advice and consent to ratification of the treaty, with protocol, at an early date.

RONALD REAGAN.

THE WHITE HOUSE, *March 25, 1986.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty between the United States of America and the Republic of Turkey concerning the Reciprocal Encouragement and Protection of Investments, with Protocol, signed December 3, 1985, at Washington. I transmit also, for the information of the Senate, the report of the Department of State with respect to this treaty.

This treaty is among the first six treaties to be transmitted to the Senate under the Bilateral Investment Treaty (BIT) program which I initiated in 1981. The BIT program is designed to encourage and protect U.S. investment in developing countries. The treaty is an integral part of U.S. efforts to encourage Turkey and other governments to adopt macroeconomic and structural policies that will promote economic growth. It is also fully consistent with U.S. policy toward international investment. That policy holds that an open international investment system in which participants respond to market forces provides the best and most efficient mechanism to promote global economic development. A specific tenet, reflected in this treaty, is that U.S. direct investment abroad and foreign investment in the United States should receive fair, equitable, and nondiscriminatory treatment. Under this treaty, the parties also agree to international law standards for expropriation and compensation; free financial transfers; and procedures, including international arbitration, for the settlement of investment disputes.

I recommend that the Senate consider this treaty as soon as possible, and give its advice and consent to ratification of the treaty, with protocol, at an early date.

RONALD REAGAN.

THE WHITE HOUSE, *March 25, 1986.*

MEASURES INDEFINITELY POSTPONED

Mr. HELMS. Mr. President, I believe these have been cleared with the other side. I ask unanimous consent the following calendar items be indefinitely postponed: Calendar Order 11, S. 469; Calendar 351, S. 1776; Calendar 379, S. 1816; Calendar 387, Senate Resolution 241; Calendar 428, S. 1912.

Mr. BYRD. Mr. President, those items have been cleared on this side of the aisle for postponement.

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

Mr. HELMS. I thank the Chair.

THE CALENDAR

Mr. HELMS. Mr. President, I inquire of the minority leader if he is in a position to pass the following calendar items: Calender 573, Senate Resolution 298; Calendar 575, Senate Concurrent Resolution 95.

Mr. BYRD. Mr. President, the two measures identified by the distinguished acting leader have been cleared on this side of the aisle. We are ready to proceed.

Mr. HELMS. I thank the able Senator.

Therefore, Mr. President, I ask unanimous consent that the calendar items just identified be considered en bloc and passed en bloc and that the committee-reported preamble will be considered agreed to.

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

EXPRESSING SUPPORT AND ENCOURAGEMENT OF THE UNITED STATES DISABLED SKI TEAM

The resolution (S. Res. 298) expressing support and encouragement of the Senate for the United States Disabled Ski Team at the 1986 World Disabled Ski Championships to be held in Salen, Sweden, on April 6 through

April 17, 1986, was considered and agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 298

Whereas the United States Disabled Ski Team is a very special group of fine athletes who have displayed the courage, dedication, and perseverance needed to qualify for competition on a national and international level;

Whereas the commitment and determination exhibited by these superior athletes is an inspiration to all people;

Whereas the United States Disabled Ski Team will travel to Salen, Sweden, to represent the United States in international competition;

Whereas the United States Disabled Ski Team has exhibited outstanding performance and has promoted full participation of disabled persons in athletic competition; and

Whereas the United States Disabled Ski Team has been instrumental in changing perceptions of society about persons with disabilities: Now, therefore, be it

Resolved, That the Senate—

(1) commends the achievements of the United States Disabled Ski Team; and

(2) encourages and supports the United States Disabled Ski Team in the competition at the 1986 World Disabled Ski Championships to be held in Salen, Sweden, on April 6 through April 17, 1986.

Mr. HELMS. 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.

HONORING THE CONTRIBUTIONS OF CONSUMERS UNION

The Senate proceeded to consider the concurrent resolution (S. Con. Res. 95) to recognize and honor the contributions of Consumers Union.

Mr. METZENBAUM. Mr. President, Consumers Union of United States, Inc., the nonprofit organization that publishes Consumer Reports, is celebrating its 50th anniversary in 1986. As part of that celebration, I have introduced Senate Concurrent Resolution 95, commemorating the organization's efforts on behalf of American consumers. This resolution is cosponsored by Senators PACKWOOD, MOYNIHAN, FORD, PROXMIRE, HOLLINGS, DECONCINI, ZORINSKY, THURMOND, ABDNOR, SARBANES, HEINZ, GARN, MATSUNAGA, GLENN, and KASTEN.

Since its founding in February 1936, Consumers Union has spoken out for consumers through a wide range of activities, including product-testing and service evaluation, publication of magazines, books, and newsletters, television productions, educational programs, and legislative and legal efforts.

Through Consumer Reports, Consumers Union has helped bring equity and order to the marketplace. For 50 years consumers have been able to rely on an expert, independent source of information when they were in the market for consumer goods and services. The magazine has warned us of fraud, misleading advertisements, and worthless products. When products deserved commendations, the magazine told us that as well.

We all owe a debt of gratitude to this outstanding organization. Consumers Union has helped make the marketplace a better, safer place for people in this country and throughout the world. I urge my colleagues to join with me in honoring Consumers Union and to adopt this resolution.

The concurrent resolution was considered and agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, is as follows:

S. CON. RES. 95

Whereas Consumers Union of United States, Inc., was formed in February of 1936, to provide consumers with information and counsel on consumer goods and services and matters relating to the expenditure of the family income, and to initiate and cooperate with individual and group efforts seeking to create and maintain decent living standards;

Whereas for the past fifty years Consumer Union has provided consumers with necessary facts to participate in an increasingly complex marketplace, through the publication Consumer Reports;

Whereas Consumers Union has become a widely respected source of impartial information about consumer products and services, and legislation and regulations affecting consumers;

Whereas Consumers Union has crusaded for fifty years for improvements in product safety, and has played an important role in reducing hazards to consumers;

Whereas Consumers Union has pursued reforms to make the marketplace more fair for consumers, and has been a leader in helping advance the consumer interest in the United States and around the world; and

Whereas Consumers Union is celebrating its fiftieth anniversary in 1986, with plans that include providing increased services; Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress recognizes and honors the Consumers Union for the continuing contributions made in informing, protecting, and aiding consumers in the Nation.

Mr. HELMS. Mr. President, 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.

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 and treaties 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 JOINT RESOLUTIONS SIGNED

At 2:01 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 joint resolutions:

S.J. Res. 226. Joint resolution to designate the week of April 6, 1986, through April 12, 1986, as "World Health Week," and to designate April 7, 1986, as "World Health Day",

S.J. Res. 262. Joint resolution to authorize and request the President to issue a proclamation designating June 2, through June 8, 1986, as "National Fishing Week"; and

H.J. Res. 573. Joint resolution making a repayable advance to the Hazardous Substance Response Trust Fund.

The enrolled joint resolutions were subsequently signed by the President pro tempore [Mr. THURMOND].

ENROLLED JOINT RESOLUTIONS PRESENTED

The Secretary of the Senate reported that on today, March 25, 1986, she had presented to the President of the United States the following enrolled joint resolutions:

S.J. Res. 226. Joint resolution to designate the week of April 6, 1986, through April 12, 1986, as "World Health Week", and to designate April 7, 1986, as "World Health Day"; and

S.J. Res. 262. Joint resolution to authorize and request the President to issue a proclamation designating June 2, through June 8, 1986, as "National Fishing Week";

REPORTS OF COMMITTEES SUBMITTED DURING RECESS

Under the authority of the order of the Senate of March 24, 1986, the following reports of committees were filed on March 24, 1986, during the recess of the Senate:

By Mr. DOMENICI, from the Committee on the Budget, without amendment:

S. Con. Res. 120. An original concurrent resolution setting forth the congressional budget for the U.S. Government for the fiscal years 1987, 1988, and 1989 (with additional and minority views) (Rept. No. 99-264).

REPORTS OF COMMITTEES

The following reports of committees were submitted:

71-069 O-87-9 (Pt. 5)

By Mr. McCLURE, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute and an amendment to the title:

H.R. 3113. A bill providing for the Coordinated Operation of the Central Valley Project and the State Water Project in California (Rept. No. 99-265).

By Mr. HATCH, from the Committee on Labor and Human Resources, without amendment:

S. 1895. A bill for the relief of Marlboro County General Hospital Charity, of Bennettsville, South Carolina.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. DANFORTH, from the Committee on Commerce, Science, and Transportation:

James Eugene Burnett, Jr., of Arkansas, to be a Member of the National Transportation Safety Board for the term expiring December 31, 1990;

Joseph Trippe Nall, of North Carolina, to be a Member of the National Transportation Safety Board for the remainder of the term expiring December 31, 1987;

Robert Ortner, of New Jersey, to be Under Secretary of Commerce for Economic Affairs;

Pursuant to the provisions of 14 U.S.C. 729, the following named captain of the Coast Guard Reserve to a permanent commissioned officer in the Coast Guard Reserve in the grade of rear admiral (lower half):

Daniel J. Murphy.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to appear and testify before any duly constituted committee of the Senate.)

Mr. DANFORTH. Mr. President, for the Committee on Commerce, Science, and Transportation, I also report favorably a list of U.S. Coast Guard Academy cadets for appointment as ensigns in the Coast Guard (list printed in the CONGRESSIONAL RECORD of March 12, 1986) and, to save the expense of reprinting them on the Executive Calendar, I ask unanimous consent that they lie at the Secretary's desk for the information of Senators.

By Mr. HELMS, from the Committee on Agriculture, Nutrition, and Forestry:

John William Bode, of Oklahoma, to be a member of the Board of Directors of the Commodity Credit Corporation.

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. McCLURE (by request):

S. 2227. A bill to authorize appropriations to carry out the programs of the U.S. Holocaust Memorial Council; to the Committee on Energy and Natural Resources.

By Mr. ZORINSKY:

S. 2228. A bill to provide for the equitable tax treatment of certain foreign expropriation losses; to the Committee on Finance.

By Mr. DODD:

S. 2229. A bill to amend the Impoundment Control Act of 1974 to provide that deferrals of budget authority by the President shall not take effect unless within 45 legislative days Congress completes action on a deferral bill, and for other purposes; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, to the Committee on the Budget and Governmental Affairs with the instructions that if one committee reports, the other committee has 30 days of continuous session to report or to be discharged.

By Mr. MATTINGLY:

S.J. Res. 307. A joint resolution to designate the week of April 18 through April 27, 1986, as "National Carpet and Floorcovering Week"; to the Committee on the Judiciary.

By Mr. HELMS (for Mr. SPECTER (for himself, Mr. LAUTENBERG, Mr. BOSCHWITZ, Mr. D'AMATO, Mr. THURMOND, Mr. MURKOWSKI, Mr. HATCH, Mr. WARNER, Mr. PRESSLER, Mr. HEINZ, Mr. ROTH, Mr. TRIBLE, Mr. BIDEN, Mr. BRADLEY, Mr. BURDICK, Mr. CRANSTON, Mr. DECONCINI, Mr. DIXON, Mr. DODD, Mr. EAGLETON, Mr. GORE, Mr. HARKIN, Mr. JOHNSTON, Mr. KENNEDY, Mr. KERRY, Mr. LEAHY, Mr. LEVIN, Mr. METZENBAUM, Mr. PELL, Mr. MOYNIHAN, Mr. RIEGLE, Mr. ROCKEFELLER, Mr. SARBANES, Mr. SIMON, Mr. SASSER, Mr. ZORINSKY, and Mrs. HAWKINS)):

S.J. Res. 308. A joint resolution designating March 25, 1986, as "Greek Independence Day: A National Day of Celebration of Greek and American Democracy"; considered and passed.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

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

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

S. Con. Res. 121. A concurrent resolution expressing the sense of the Congress concerning representative government, political parties, and freedom of expression on Taiwan; to the Committee on Foreign Relations.

STATEMENTS OF INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. McCLURE (by request):

S. 2227. A bill to authorize appropriations to carry out the programs of the U.S. Holocaust Memorial Council; to the Committee on Energy and Natural Resources.

U.S. HOLOCAUST MEMORIAL COUNCIL

● Mr. McCLURE. Mr. President, pursuant to an executive communication referred to the Committee on Energy and Natural Resources, at the request of the U.S. Holocaust Memorial Council I send to the desk a bill to authorize appropriations to carry out the programs of the U.S. Holocaust Memorial Council.

Mr. President, this draft legislation was submitted and recommended by the U.S. Holocaust Memorial Council, and I ask unanimous consent that the bill, and the executive communication which accompanied the proposal from the Acting Executive Director be printed in the RECORD.

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

S. 2227

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part of section 8 of the Holocaust Memorial Council Act (Public Law 96-388, as amended; 36 U.S.C. 1408) which precedes the proviso is amended to read as follows: "There is authorized to be appropriated to carry out the purposes of this Act $2,057,000 for the fiscal year 1987 and such sums as may be necessary for fiscal year 1988."

U.S. HOLOCAUST MEMORIAL COUNCIL,
OFFICE OF EXECUTIVE DIRECTOR,
Washington, DC, March 13, 1986.

Hon. GEORGE BUSH,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: Enclosed is a draft bill to authorizing appropriations to carry out the programs of the United States Holocaust Memorial Council.

We recommend that the bill be referred to the appropriate committee for consideration, and that it be enacted.

Public Law 96-388, October 7, 1980 (36 U.S.C. 1401), provides for the establishment of the United States Holocaust Memorial Council to provide appropriate ways for the Nation to commemorate Days of Remembrance, plan, construct, and oversee the operation of a permanent living memorial museum to the victims of the Holocaust, and develop a plan for carrying out the recommendations of the President's Commission on the Holocaust. Section 8 authorized $722,000 for Fiscal Year 1981; $800,000 for Fiscal Year 1982; and $850,000 for Fiscal Year 1983, to carry out the purposes of this Act. Public Law 99-190 provided net appropriations in the amount of $2,112,000 for Fiscal Year 1986.

The enclosed draft bill would amend the appropriation authorization in Section 8 of the United States Holocaust Memorial Council Act (Public Law 96-388, as amended; 36 U.S.C. 1401) to authorize an appropriation of $2,057,000 for Fiscal Year 1987, and such sums as are necessary for Fiscal Year 1988.

Such an authorization and appropriation would enable the Council to carry out its responsibilities through September 30, 1987, as provided in the President's 1987 budget. The amended authorization is necessary to the planning of the living memorial museum, continued observance and expansion of Days of Remembrance, as well as the preservation and development of research and documentation of the Holocaust.

The Council has made measurable progress in carrying out its mandated responsibilities since its inception in 1981. It is anticipated that the requested funding level for 1987 will allow each of its components to proceed with their program responsibilities to meet the ultimate objectives of the Council.

The Office of Management and Budget advises that enactment of this proposal would be in accordance with the program of the President.

A similar letter is being sent to The Honorable Thomas P. O'Neill, Jr., of the House of Representatives.

Sincerely,

MICAH H. NAFTALIN,
Acting Excutive Director.●

By Mr. ZORINSKY:

S. 2228. A bill to provide for the equitable tax treatment of certain foreign expropriation losses; to the Committee on Finance.

PERUVIAN EXPROPRIATION TAX RELIEF

● Mr. ZORINSKY. Mr. President, the bill I am introducing today would provide equitable tax treatment for a Nebraska constituent that suffered substantial foreign expropriation loss late last year.

HNG/InterNorth, Inc., which is headquartered in Omaha, NE, in 1983 acquired Belco Petroleum which has been engaged in oil and gas exploration and development in northwest Peru since 1959. Despite the fact that Belco was a model corporate citizen in Peru and employed over 2,500 Peruvians, in 1985 Belco's relations with the Peruvian Government soured.

In August 1985, the Peruvian Government unilaterally rescinded the contracts under which Belco had been conducting petroleum operations in Peru. After its contracts were rescinded, Belco negotiated in good faith with Peruvian officials but on the evening of December 27, 1985, soldiers surrounded Belco's Lima office and nationalized its operations. The next morning, the general manager of PetroPeru, accompanied by soldiers and press, arrived at Belco's operational headquarters at Talara and read a Presidential decree that nationalized Belco's Peruvian assets.

Since that time HNG/InterNorth officials have negotiated with the Peruvian Government for the return of its assets or just compensation for the confiscation, but without any success.

FINANCIAL IMPACT

This arbitrary seizure by the Peruvian Government obviously dealt HNG/InterNorth a significant financial blow. The company's actual investment in assets seized by the Peruvian Government was approximately $393 million. This amount, however, does not reflect the full value of the properties confiscated since it does not take into account the actual worth of Belco's proven oil and gas reserves.

The company's loss might be offset by a recovery of up to $175 million from all sources, including the Peruvian Government. There is, however, presently no assurance that any recovery will be realized.

THE TAX PROBLEM

Even though HNG/InterNorth had $393 million of actual cash investment in the Belco Peruvian operations that were confiscated, existing tax rules seem to permit no relief to the company.

When InterNorth acquired Belco Petroleum in August 1983, the acquisition was structured in such a way that the company carried over Belco's old tax basis, which was substantially below the actual purchase price. Thus, under the current Tax Code, the company is stuck with a basis for loss deduction purposes which is not only far below the actual value of the property lost, but far below the company's actual cash invested since 1983.

Consequently, when the amount of any potential recovery is netted out, the company will be permitted little or no deduction for tax purposes even though it has just suffered a serious financial hardship.

Moreover, at the time the company's Peruvian assets were expropriated, it had $27 million in unrecovered foreign tax credits for tax paid to Peru. Without some legislative relief, there is virtually no likelihood that the company will be able to utilize these unrecovered tax credits even though it could have utilized them in the future if its Peruvian operations were continued.

PROPOSED LEGISLATION

The bill I am introducing today would provide relief from this unfair result. The bill would permit the company to claim an expropriation loss on the full value of its unrecovered financial investment in its Peruvian assets reduced, of course, by the amount of any potential recovery. This is consistent with the loss reported on the company's Form 10k filed with the Securities and Exchange Commission.

Also, the legislation would waive the limitations on the use of foreign tax credit to permit the company to utilize its unrecovered Peruvian tax credits against this domestic tax liability. This relief would be limited to the actions under this specific Peruvian Presidential decree.

I am hopeful that the Senate Finance Committee will promptly take up this matter as part of the tax reform bill it is presently considering. In my view the operation of the present tax rules operates to impose an unjustified hardship on a company already injured by the arbitrary actions of a foreign government.

Mr. President, I ask unanimous consent that a copy of the bill be printed at the conclusion of my remarks.

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

S. 2228

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in the case of a seizure of the assets of a corporation in December 1985 pursuant to Peruvian Presidential Decree No. 035-85-EM,—

(a) For purposes of section 165 of the Internal Revenue Code of 1954, any loss shall be considered to have been sustained during the taxable year including December 1985.

(b) Notwithstanding the provisions of section 165(b) of the Code, the basis for determining the amount of the deduction for any loss shall be the amount of the net loss from the seizure set forth in the parent corporation's Form 10-K filed with the securities and Exchange Commission for calendar year 1985 increased by the estimated recoveries by insurance or otherwise.

(c) For purposes of determining the foreign tax credit allowable under section 27(a) of the Code, sections 901(e), 904(a), and 907 of the Code shall not apply to the taxes imposed by Peru on the corporation whose assets were seized.●

By Mr. DODD:

S. 2229. A bill to amend the Impoundment Control Act of 1974 to provide that deferrals of budget authority proposed by the President shall not take effect unless within 45 legislative days Congress completes action on a deferral bill, and for other purposes; pursuant to the order of August 4, 1977, referred jointly to the Committee on the Budget and the Committee on Governmental Affairs.

VETO OVER DEFERRAL LEGISLATION

● Mr. DODD. Mr. President, I am introducing today a bill which amends the Impoundment Control Act of 1974 to provide that deferrals of budget authority proposed by the President shall not take effect unless Congress approves the deferral within 45 days. A substantially similar bill was just recently introduced in the House by my good friend and colleague from Connecticut, Representative BRUCE MORRISON.

This bill is necessitated by a 1983 U.S. Supreme Court decision and continuing action by President Reagan which flies in the face of that decision. Under section 1013 of the original act, Congress may override any deferral by the President by passing an impoundment resolution disapproving the deferral in either the House or the Senate. In 1983, the Supreme Court, in Immigration and Naturalization Service versus Chadha, held that this "one-House veto" violated the principle of separation of powers and the lawmaking requirements of article I of the Constitution.

Because this unconstitutional veto provision was not intended to be severable from the rest of section 1013, the President has no remaining power under the law to defer budget authority. As the legislative history of the Impoundment Control Act clearly shows, Congress would not have vested the President with the power to defer spending without retaining the power to override those deferral decisions, if necessary.

Notwithstanding the Chadha decision and clear congressional intent, however, President Reagan, on February 5, 1986, sent an impoundment notice to Congress setting forth $32 billion worth of proposed rescissions and deferrals. Pursuant to this notice, the President seeks to defer budget authority for several housing and com-

munity development programs, such as the Community Development Block Grant Program, the "Section 202" Program, "Section 8" housing, and the "Section 312" Rehabilitation Program.

The bill I am introducing today is simple and straightforward. It says that no proposed deferral by the President would go into effect unless both Houses of Congress pass a bill approving it within 45 legislative days after receiving the impoundment notice from the President. The bill would establish a procedure for deferral which is identical to the rescission procedure presently in place under the Impoundment Control Act.

It is my hope today that Congress will take swift action on this bill in order to restore a necessary "check" on the President's exercise of the deferral power—a check which was intended from the beginning to accompany the deferral power. This bill would allow us to reclaim that power over appropriations which the original Impoundment Act—and the Constitution—intended for us to have.

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

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

S. 2229

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SECTION 1. DEFINITION OF DEFERRAL BILL.

(a) DEFINITION OF DEFERRAL BILL.—Paragraph (4) of section 1011 of the Impoundment Control Act of 1974 is amended to read as follows:

"(4) 'deferral bill' means a bill or joint resolution which only authorizes the deferral of budget authority proposed to be deferred in a special message transmitted by the President under section 1013, and upon which the Congress completes action before the end of the first period of 45 calendar days of continuous session of the Congress after the date on which the President's message is received by the Congress;".

(b) CONFORMING AMENDMENT.—Paragraph (5) of section 1011 of the Impoundment Control Act of 1974 is amended by—

(1) inserting "or (4)" after "paragraph (3)" each place it appears; and

(2) inserting "or section 1013" after "section 1012" each place it appears.

SEC. 2. DEFERRAL OF BUDGET AUTHORITY.

(a) AMENDMENT OF SECTION HEADING.—The heading of section 1013 of the Impoundment Control Act of 1974 is amended to read as follows: "Deferral of Budget Authority".

(b) REQUIREMENT TO MAKE AVAILABLE FOR OBLIGATION.—Subsection (b) of section 1013 of the Impoundment Control Act of 1974 is amended by striking out "if either House of Congress passes an impoundment resolution disapproving such proposed deferral" and by inserting in lieu thereof the following: "unless, within the prescribed 45-day period, the Congress has completed action on a deferral bill authorizing the deferral of the amount proposed to be deferred".

SEC. 3. TECHNICAL AMENDMENTS RESPECTING PROCEDURE IN THE HOUSE AND SENATE.

(a) REFERRAL.—Subsection (a) of section 1017 of such Act is amended by striking out "impoundment resolution" and inserting in lieu thereof "deferral bill".

(b) DISCHARGE OF COMMITTEE.—

(1) Paragraph (1) of subsection (b) of section 1017 of such Act is amended—

(A) by striking out "impoundment resolution" each place it appears and inserting in lieu thereof "deferral bill"; and

(B) by striking out "or resolution".

(2) Paragraph (2) of subsection (b) of section 1017 of such Act is amended by striking out "or resolution" each place it appears.

(c) FLOOR CONSIDERATION IN THE HOUSE.—Subsection (c) of section 1017 of such Act is amended—

(1) by striking out "or impoundment resolution" each place it appears and inserting in lieu thereof "or deferral bill";

(2) by striking out "or resolution" each place it appears;

(3) by striking out "an impoundment resolution" in paragraph (2) and inserting in lieu thereof "a deferral bill";

(4) by striking out "the resolution" in such paragraph and inserting in lieu thereof "the bill"; and

(5) by striking out "and resolutions" in paragraph (5).

(d) FLOOR CONSIDERATION IN THE SENATE.—Subsection (d) of section 1017 of such Act is amended—

(1) by striking out "or impoundment resolution" each place it appears in paragraphs (1) and (2) and inserting in lieu thereof "or deferral bill";

(2) by striking out "an impoundment resolution" each place it appears in paragraphs (2) and (3) and inserting in lieu thereof "a deferral bill";

(3) by striking out "or resolution" each place it appears in paragraph (2);

(4) by striking out "concurrent resolution" in paragraph (3) and inserting in lieu thereof "bill"; and

(5) by inserting "or deferral bill" and "rescission bill" each place it appears in paragraphs (4) and (5).

SEC. 4. TECHNICAL AMENDMENT TO TABLE OF CONTENTS.

The item relating to section 1012 in the table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended to read as follows:

"Sec. 1012. Deferral of budget authority.".●

By Mr. MATTINGLY:

S.J. Res. 307. Joint resolution to authorize and request the President to designate the week of April 18, 1986, through April 27, 1986, as "National Carpet and Floorcovering Week"; to the Committee on the Judiciary.

NATIONAL CARPET AND FLOORCOVERING WEEK

● Mr. MATTINGLY. Mr. President, my colleagues are by now familiar with my, and others, outspoken concern over the current crisis in the U.S. textile industry. Cheaper foreign-made textile products have flooded our markets, forcing mill closings in the hundreds and unemployment in the tens of thousands. As the only industry in a given area, a mill closing can threaten an entire community. I rise today to bring to my colleagues' attention a sector of the U.S. textile industry that remains as one of its few bright spots—I am referring to our carpet and floorcovering manufacturers.

The first carpet mill was established in 1791 in Philadelphia, PA. Today there are over 370 carpet and rug manufacturing plants located in 23 States. In 1950 the U.S. carpet industry shipped 97 million square yards. Currently shipments are in the range of 1 billion square yards annually and have a mill dollar value of $6 billion. Today's export market is over 48 million square yards with a dollar value of $264 million, compared to 7.4 million square yards in 1970 with a dollar value of $25 million. This industry is especially important to my State of Georgia, home of Dalton, GA, the carpet capital of the world, and where 66 percent of all carpet and rugs manufactured in the United States are produced. Yet this American industry, like so many others, is feeling the pressure of increased competition.

U.S. carpets, rugs, and other floor coverings are competitive. The industry is technologically advanced employing the latest in automated looms, tufting, and backing machinery. Over roughly a 30-year period, the price of U.S. carpet has increased by only 52 percent. Compare this to new car prices which rose 172 percent or all commodities which experienced price increases of over 267 percent. In 1978 square yard exports accounted for 2.8 percent of total U.S. production while imports accounted for 1.3 percent of total U.S. production. However, in 1985 square yard exports represented 2.6 percent of total U.S. production while imports represented 4.6 percent of total production. It has been argued that this shift in export/import percentages is the result of U.S. imports of handmade, expensive Oriental or Persian style rugs. This is not so. The dollar value per square yard of U.S. carpet and rug imports has fallen from $12.60 in 1978 to $10.08 in 1985.

The U.S. carpet and floorcovering industry is well aware that competition is, and will continue, to increase. They are looking to the future and beginning to adapt to the changing global environment. The backbone of their strategy is a self-help philosophy that is best evidenced by the industry's redoubled efforts to market American carpet and floorcovering products. For the second year in a row the U.S. industry will sponsor the national carpet and floorcovering floor show during the week of April 18, 1986. This is a nationwide promotional event designed to showcase U.S. carpet and floorcovering products. To recognize the importance of this textile industry, today I am introducing legislation designating April 18, 1986, through April 27, 1986, "National Carpet and Floorcovering Week." Mr. President, I ask unanimous consent that a copy of

the joint resolution be printed in the RECORD. I urge my colleagues to join me in cosponsoring this joint resolution and recognize the determination of this important industry to maintain its competitive position.

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

S.J. RES. 307

Whereas, since its founding more than two hundred years ago, this nation has promoted the concept of prosperity through a free enterprise system;

Whereas American business has traditionally prospered and flourished through fair pursuit of free enterprise, but finds itself now beset by increased unfair competition from overseas;

Whereas American carpet and floorcovering producers represent one of the last remaining areas of strength for the U.S. textile industry;

Whereas, in the spirit of marketing and promotion that has helped make the United States the world's premier industrial power, an unprecedented national promotional effort is to be made in conjunction with National Carpet and Floorcovering Week, April 18 through April 27, 1986;

Whereas this annual event has become known as the United States' largest carpet and floorcovering event showcasing the enormous variety and excellent quality of goods offered by American fiber producers, mills, distributors, and retailers;

Whereas these efforts have been specifically designed to bring to the consumers' attention the vast array of American floorcovering products on the market and to heighten public awareness as to the design and fashion uses of American floorcoverings; and

Whereas it is only with resourcefulness, determination, and perserverence similar to that shown by the American carpet and floorcovering producers that U.S. industry can continue to meet the demands and needs of the world's consumers in what are increasingly competitive national and international marketplaces; Now, therefore, be it

Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled, That the President of the United States is authorized and requested to issue a proclamation designating April 18, 1986 to April 27, 1986, as "National Carpet and Floorcovering Week", and calling upon the people of the United States to observe that week with appropriate programs and activities.●

ADDITIONAL COSPONSORS

S. 8

At the request of Mr. CRANSTON, the names of the Senator from Georgia [Mr. NUNN], and the Senator from Hawaii [Mr. INOUYE] were added as cosponsors of S. 8, a bill to grant a Federal charter to the Vietnam Veterans of America, Inc.

S. 558

At the request of Mr. MOYNIHAN, the name of the Senator from South Carolina [Mr. HOLLINGS] was added as a cosponsor of S. 558, a bill to amend the Internal Revenue Code of 1954 to permanently exclude educational assistance programs from gross income, and for other purposes.

S. 1569

At the request of Mr. BINGAMAN, the name of the Senator from Mississippi [Mr. STENNIS] 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. 1687

At the request of Mr. MATSUNAGA, the name of the Senator from Nevada [Mr. HECHT] was added as a cosponsor of S. 1687, a bill to develop a national policy for the utilization of fuel cell technology.

S. 1980

At the request of Mr. THURMOND, the name of the Senator from Wyoming [Mr. WALLOP] was added as a cosponsor of S. 1980, a bill to amend title 17, United States Code, regarding the conveyance of audiovisual work, and for other purposes.

S. 2004

At the request of Mr. ROTH, the names of the Senator from Missouri [Mr. EAGLETON], and the Senator from Florida [Mr. CHILES] were added as cosponsors of S. 2004, a bill to require the President to submit to the Congress an annual report on the management of the executive branch of the Government.

S. 2005

At the request of Mr. ROTH, the name of the Senator from Missouri [Mr. EAGLETON] was added as a cosponsor of S. 2005, a bill to amend the Inspector General Act of 1978.

S. 2080

At the request of Mr. RIEGLE, the names of the Senator from Illinois [Mr. SIMON], the Senator from Connecticut [Mr. DODD], the Senator from Ohio [Mr. GLENN], and the Senator from Oklahoma [Mr. BOREN], were added as cosponsors of S. 2080, a bill to amend title 3, United States Code, and the Uniform Time Act of 1966 to establish a single poll closing time in the continental United States for Presidential general elections.

S. 2081

At the request of Mr. STAFFORD, the name of the Senator from Missouri [Mr. EAGLETON] was added as a cosponsor of S. 2081, a bill to reauthorize the Head Start Act, the Low-Income Home Energy Assistance Act of 1981, the Community Services Block Grant Act, for deferred cost care programs, and for other purposes.

S. 2083

At the request of Mr. STAFFORD, the name of the Senator from Rhode Island [Mr. PELL] was added as a cosponsor of S. 2083, a bill to amend the Toxic Substances Control Act to require the Environmental Protection Agency to set standards for identification and abatement of hazardous asbestos in the Nation's schools to mandate abatement of hazardous asbestos in the Nation's schools in accordance with those standards, to require local educational agencies to prepare asbestos management plans, and for other purposes.

S. 2087

At the request of Mr. GRASSLEY, his name was added as a cosponsor of S. 2087, a bill to amend part B of title XIX of the Public Health Service Act to specify the method of determining State allotments.

S. 2108

At the request of Mr. KASTEN, the names of the Senator from Pennsylvania [Mr. SPECTER] and the Senator from Oklahoma [Mr. BOREN] were added as cosponsors of S. 2108, a bill to provide that Federal tax reform legislation shall not take effect before January 1, 1987.

S. 2115

At the request of Mr. THURMOND, the name of the Senator from Virginia [Mr. WARNER] was added as a cosponsor of S. 2115, a bill to recognize the organization known as the 82d Airborne Division Association, Inc.

S. 2181

At the request of Mr. D'AMATO, the name of the Senator from Montana [Mr. BAUCUS] was added as a cosponsor of S. 2181, a bill entitled the "Construction Industry Labor Law Amendments of 1986."

S. 2186

At the request of Mr. MURKOWSKI, the name of the Senator from Montana [Mr. MELCHER] was added as a cosponsor of S. 2186, a bill to exempt any amounts available to provide certain benefits to veterans with service-connected disabilities from any requirement for sequestration of funds under part C of the Balanced Budget and Emergency Deficit Control Act of 1985.

S. 2191

At the request of Mr. ROTH, the name of the Senator from Wisconsin [Mr. KASTEN] was added as a cosponsor of S. 2191, a bill to amend the Federal Aviation Act of 1958 so as to prohibit reprisals against certain officers, employees, or contractors of air carriers.

S. 2195

At the request of Mr. GORTON, the name of the Senator from Arizona [Mr. DECONCINI] was added as a cosponsor of S. 2195, a bill to amend the Internal Revenue Code of 1954 to provide tax-exempt status for organizations which assist in introducing into public use technology developed by operating research organizations.

S. 2198

At the request of Mr. TRIBLE, the names of the Senator from Mississippi [Mr. COCHRAN] and the Senator from Hawaii [Mr. INOUYE] were added as cosponsors of S. 2198, a bill to provide that the full cost-of-living adjustment in benefits payable under certain Federal programs shall be made for 1987.

S. 2203

At the request of Mr. D'AMATO, his name was added as a cosponsor of S. 2203, a bill to establish a program to reduce acid deposition and for other purposes.

S. 2216

At the request of Mr. STEVENS, the name of the Senator from Mississippi [Mr. STENNIS] was added as a cosponsor, of S. 2216, a bill to designate September 17, 1987, the bicentennial of the signing of the Constitution of the United States, as "Constitution Day," and to make such day a legal public holiday.

S. 2221

At the request of Mrs. KASSEBAUM, the names of the Senator from Nebraska [Mr. ZORINSKY] and the Senator from Wisconsin [Mr. KASTEN] were added as cosponsors of S. 2221, a bill to amend section 108 of the Internal Revenue Code of 1954 to provide that the discharge of certain farm indebtedness shall not be included in gross income.

SENATE JOINT RESOLUTION 251

At the request of Mr. HATCH, the names of the Senator from Missouri [Mr. DANFORTH] and the Senator from Hawaii [Mr. MATSUNAGA] were added as cosponsors of Senate Joint Resolution 251, a joint resolution to designate the week of May 11, 1986, through May 17, 1986, as "National Science Week, 1986."

SENATE JOINT RESOLUTION 261

At the request of Mr. MOYNIHAN, his name was added as a cosponsor of Senate Joint Resolution 261, a joint resolution to designate the week of April 14, 1986, through April 20, 1986 as "National Mathematics Awareness Week."

SENATE JOINT RESOLUTION 264

At the request of Mr. PRYOR, the names of the Senator from Maine [Mr. MITCHELL] and the Senator from Kentucky [Mr. FORD] were added as cosponsors of Senate Joint Reolution 264, a joint resolution designating April 28, 1986, as "National Nursing Home Residents Day."

SENATE JOINT RESOLUTION 274

At the request of Mr. GRASSLEY, the names of the Senator from Kansas [Mr. DOLE], and the Senator from Nebraska [Mr. ZORINSKY] were added as cosponsors of Senate Joint Resolution 274, a joint resolution to designate the weekend of August 1, 1986, through August 3, 1986, as "National Family Reunion Weekend."

SENATE JOINT RESOLUTION 280

At the request of Mr. HEINZ, the names of the Senator from Tennessee [Mr. GORE], the Senator from Kansas [Mr. DOLE], the Senator from South Dakota [Mr. PRESSLER], the Senator from Indiana [Mr. LUGAR], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from Maine [Mr. COHEN], and the Senator from Maryland [Mr. SARBANES] were added as cosponsors of Senate Joint Resolution 280, a joint resolution to designate the month of November 1986 as "National Alzheimer's Disease Month."

SENATE JOINT RESOLUTION 281

At the request of Mr. NUNN, the names of the Senator from California [Mr. CRANSTON], the Senator from Florida [Mrs. HAWKINS], the Senator from Maine [Mr. MITCHELL], and the Senator from Virginia [Mr. WARNER] were added as cosponsors of Senate Joint Resolution 281, a joint resolution to designate the week of May 11, 1986, through May 17, 1986, as "Senior Center Week."

SENATE JOINT RESOLUTION 284

At the request of Mr. METZENBAUM, the names of the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Arkansas [Mr. BUMPERS], the Senator from Alabama [Mr. DENTON], the Senator from Nebraska [Mr. EXON], the Senator from Alabama [Mr. HEFLIN], the Senator from Michigan [Mr. LEVIN], the Senator from Massachusetts [Mr. KERRY], and the Senator from West Virginia [Mr. ROCKEFELLER] were added as cosponsors of Senate Joint Resolution 284, a joint resolution to designate the month of May 1986 as "Better Hearing and Speech Month."

SENATE JOINT RESOLUTION 286

At the request of Mr. HATFIELD, the names of the Senator from Arizona [Mr. DECONCINI], and the Senator from Michigan [Mr. LEVIN] were added as cosponsors of Senate Joint Resolution 286, a joint resolution to designate the week of April 20, 1986, through April 26, 1986, as "National Reading Is Fun Week."

SENATE JOINT RESOLUTION 290

At the request of Mr. DECONCINI, the names of the Senator from Wyoming [Mr. SIMPSON], the Senator from Indiana [Mr. LUGAR], the Senator from Iowa [Mr. GRASSLEY], the Senator from Alabama [Mr. DENTON], the Senator from Pennsylvania [Mr. SPECTER], and the Senator from New Jersey [Mr. LAUTENBERG] were added as cosponsors of Senate Joint Resolution 290, a joint resolution to designate July 4, 1986, as "National Immigrants Day."

SENATE JOINT RESOLUTION 303

At the request of Mr. MATHIAS, the names of the Senator from Oregon [Mr. PACKWOOD], the Senator from South Carolina [Mr. HOLLINGS], the Senator from New York [Mr. D'AMATO], the Senator from Minnesota [Mr. DURENBERGER], the Senator from Virginia [Mr. TRIBLE], and the Senator from Missouri [Mr. DANFORTH] were added as cosponsors of Senate Joint Resolution 303, a joint resolution to designate April 1986, as "Fair Housing Month."

SENATE CONCURRENT RESOLUTION 116

At the request of Mr. KASTEN, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of Senate Concurrent Resolution 116, a concurrent resolution concerning the ongoing famine in Ethiopia and the Ethiopian Government's resettlement policy.

SENATE CONCURRENT RESOLUTION 119

At the request of Mrs. KASSEBAUM, the names of the Senator from Nebraska [Mr. ZORINSKY] and the Senator from Wisconsin [Mr. KASTEN] were added as cosponsors of Senate Concurrent Resolution 119, expressing the sense of the Congress relating to an amendment to the Internal Revenue Code of 1954 excluding the discharge of qualified agricultural indebtedness from cancellation of indebtedness income.

SENATE RESOLUTION 365

At the request of Mr. GLENN, the name of the Senator from North Dakota [Mr. ANDREWS] was added as a consponsor of Senate Resolution 365, a resolution to implement rule XLII of the Standing Rules of the Senate, relating to employment practices.

SENATE CONCURRENT RESOLUTION 121—CONCERNING REPRESENTATIVE GOVERNMENT, POLITICAL PARTIES, AND FREEDOM OF EXPRESSION ON TAIWAN

Mr. KENNEDY (for himself and Mr. PELL) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 121

Whereas prosperity and educational progress on the island of Taiwan have created conditions in which a democratic system of government can thrive;

Whereas stability and peace prevail on the island of Taiwan and in the Western Pacific region;

Whereas the people on Taiwan, primarily in elections at the local level, have shown themselves fully capable of participating in a democratic political process;

Whereas in spite of this, only a small minority of the seats in the central legislature and central electoral college are filled through periodic election, with the vast majority of seats still being held by individuals who took office in the late 1940's;

Whereas the system of martial law imposed in 1949 and other emergency provisions prevent the democratic opposition on Taiwan from organizing a genuine opposition party and constrain it from exercising the constitutionally mandated freedom of the press and freedom of expression;

Whereas the system of martial law provides the authorities broad latitude in

charging political dissidents with the crimes of sedition and treason;

Whereas the preservation and enhancement of human rights of all the people on Taiwan are objectives of the United States;

Whereas section 806 of the Foreign Relations Authorization Act, Fiscal Years 1986 and 1987, states the sense of the Congress that "one important element of a peaceful future for Taiwan is greater participation in the political process by all the people on Taiwan" and that "accordingly, the United States should encourage the authorities on Taiwan to work vigorously toward this end"; and

Whereas a more free and open Taiwan, with full respect for human rights, would have an even stronger claim to the moral support of the American people: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the authorities on Taiwan should continue and accelerate progress toward a fully democratic system, in particular by—

(1) allowing the formation of genuine opposition political parties;

(2) ending censorship and guaranteeing freedom of speech, expression, and assembly; and

(3) moving toward full representative government, including the free and fair election of all members of all national legislative bodies, and direct Presidential elections.

Mr. KENNEDY. Mr. President, I rise to introduce a resolution with my good friend Senator PELL calling for democracy in Taiwan. This May will mark the 37th year the people of Taiwan have lived under a political system which denies them the freedom to fully express their civil rights. For 37 years, the people of Taiwan have lived under a martial law—and it is high time that true democracy was brought to the people of Taiwan.

The thriving economy of Taiwan has been the envy of the developing world. By hard work and ingenuity, the people of Taiwan have created an educated citizenry, a prosperous society, and a respected body of able local leaders. Stability and peace have prevailed on the island of Taiwan and in the Western Pacific region and the citizens of Taiwan have repeatedly demonstrated the will and the capacity to participate fully in the democratic political process.

Yet, the Government of Taiwan continues to deny the people of Taiwan the right to a democratic system of government. Under martial law and associated legislation, the Government has suspended civil liberties, controls most of the media and heavily censors the handful of independent magazines it permits to exist. Independent organizations must register with the Government and only one legal organization per function may exist. The Government tightly controls labor unions and has outlawed strikes. In addition, the Government has outlawed new political parties in order to maintain their virtual monopoly on political activity.

Those who challenge this restrictive system are subject to harsh treatment by the Taiwanese authorities. Many citizens—some whose only crime is peaceful protest—face courts-martial for charges of sedition, the death penalty or long terms in military prisons. Internationally recognized rules of trial procedure are often not followed and there are many reported incidents of torture of those held in prison.

The political structure in Taiwan has shut out participation by the majority of the population. Only 8 percent of the members of the national legislative bodies represent Taiwan and are elected by the people. According to the State Department, "Effective power resides with the aging KMT leadership which fled the mainland in 1949." The vast majority of the leadership was elected on mainland China 30 years ago; their average age is 80 and when they vacate their seats, their offices remain vacant or are filled by appointment.

The resolution I am introducing calls on the Government of Taiwan to take steps to bring a full democratic system to the people of Taiwan. It calls for the Government to permit the formation of genuine opposition political parties, to end censorship, to guarantee freedom of speech, expression and assembly and for the Government to move toward full representative government, including the free and fair election of all members of the national legislative bodies and for direct Presidential elections.

The time has come for Taiwan to follow the same path of the Philippines. The time is now for a truly democratic Taiwan. I urge my colleagues to give careful consideration to this resolution and hope it is expeditiously and swiftly approved by the U.S. Congress.

AMENDMENTS SUBMITTED

METROPOLITAN WASHINGTON AREA AIRPORT TRANSFER

PRESSLER (AND OTHERS) AMENDMENT NO. 1705

(Ordered to lie on the table.)

Mr. PRESSLER (for himself, Mr. EXON, Mr. HOLLINGS, and Mr. SPECTER) submitted an amendment intended to be proposed by them to the bill (S. 1017) to provide for the transfer of the Metropolitan Washington Airports to an independent authority; as follows:

On page 35, line 7, strike "Five" and insert in lieu thereof "Two".

On page 35, line 8, strike "three" and insert in lieu thereof "two".

On page 35, line 11, strike "one member" and insert in lieu thereof "five members".

On page 36, lines 5-6, strike ", in the case of the Commonwealth of Virginia and the District of Columbia,".

On page 36, lines 8-10, strike "The Governor of Virginia shall make the final two Virginia initial appointments for one 2-year and one 4-year term.".

MATHIAS AMENDMENT NOS. 1706 THROUGH 1708

(Ordered to lie on the table.)

Mr. MATHIAS submitted three amendments intended to be proposed by him to the bill (S. 1017) to provide for the transfer of the Metropolitan Washington Airports to an independent airport authority; as follows:

AMENDMENT No. 1706

On page 30, line 6, strike out the period and insert in lieu thereof "within six months after the date of enactment of this Act. In no event shall the determination of hypothetical indebtedness by the Federal Aviation Administration pursuant to this paragraph be an amount which is less than the greater of—

"(A) the audit finding of the Comptroller General of the United States; or

"(B) $108,600,000.".

AMENDMENT No. 1707

On page 37, line 5, strike out all through the period on line 8 and insert in lieu thereof "means use of an airport for any of the activities described pursuant to subparagraphs (A), (B), and (C) of paragraph (2) of section 503(a) of the Airport and Airway Improvement Act of 1982 (49 U.S.C. 2202(a)(2)(A), (B), and (C)). Nothing in this subsection shall prohibit the Airports Authority from financing any aviation-related capital improvement project approved by the Authority board and identified in the Facilities Planning Guide for Washington National Airport and the Washington Dulles International Airport Master Plan. Fifty percent of any revenue provided to the Authority by such nonaviation business or activities shall be deposited in the general fund of the United States Treasury.".

AMENDMENT No. 1708

On page 41, strike out lines 17 and 18 and insert in lieu thereof "and in conformance with section 511 of the Airport and Airway Improvement Act of 1982 (49 U.S.C. 2210), no landing fee, automobile parking concession, terminal area or other building rental, land lease, or any other concession, rent or user charge providing operating revenue to the authority—".

On page 41, line 19, insert "generated" after "(A)".

On page 41, line 23, insert "generated" after "(B)".

On page 42, insert between lines 2 and 3 the following new paragraph:

(9) To further the intent of paragrapah (8), the Airports Authority shall—

(A) maintain separate financial records for Washington National Airport and Washington Dulles International Airport;

(B) prepare an annual report on the operation of the Metropolitan Washington Airports in accordance with the audit procedures set forth in paragraph (6) of this subsection; and

(C) submit such report to the Congress.

On page 42, line 3, strike out "(9)" and insert in lieu thereof "(10)".

NOTICES OF HEARINGS

COMMITTEE ON RULES AND ADMINISTRATION

Mr. MATHIAS. Mr. President, I wish to announce that the Committee on Rules and Administration will meet in SR-301, Russell Senate Office Building, on Wednesday, March 26, 1986, at 5 p.m., to hold an administrative business meeting. The committee will be considering the schedule for the receipt of vendor responses to the amended request for proposal for the procurement of a new telephone system for the Senate.

For further information concerning this meeting, please contact John Swearingen of the Rules Committee staff on extension 49078.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON PREPAREDNESS

Mr. DOLE. Mr. President, I ask unanimous consent that the Subcommittee on prepardness of the Committee on Armed Services, be authorized to meet during the session of the Senate on Tuesday, March 25, 1986, in open later to become closed session, in order to receive testimony on Navy and Marine Corps readiness, operations, and maintenance,

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

SUBCOMMITTEE ON STRATEGIC AND THEATER NUCLEAR FORCES

Mr. DOLE. Mr. President, I ask unanimous consent that the Subcommittee on Strategic and Theater Nuclear Forces, of the Committee on Armed Services, be authorized to meet during the session of the Senate on Tuesday, March 25, in open, later to become closed executive session, in order to conduct a hearing on SDI.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Tuesday, March 25, to hold an oversight hearing on domestic and international petroleum situation and the implications of fees on imported oil.

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

COMMITTEE ON THE JUDICIARY

Mr. EVANS. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Tuesday, March 25, in order to conduct a hearing on the issue of white collar crime.

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

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Banking, Housing and Urban Affairs be authorized to meet during the session of the Senate on Tuesday, March 25, at 6 p.m., in order to hold a markup on the following provisions of the Garn-St Germain bill: titles I and II; to impose a moratorium on nonbank banks; and farm, oil, and gas lending banks language.

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

ADDITIONAL STATEMENTS

RENEWAL OF THE PRICE-ANDERSON ACT

● Mr. McCLURE. Mr. President, one of the issues that the 99th Congress will hopefully complete action on by the end of the session is the renewal of the Price-Anderson Act, which provides for liability coverage in the event of a nuclear incident at a facility either licensed by the Nuclear Regulatory Commission or operated under contract with the Department of Energy.

The renewal of the Price-Anderson Act has been the subject of the business meetings of the Committee on Energy and Natural Resources for the past several weeks. The bill that Senator SIMPSON and I introduced last year—S. 1225—is the focus of my committee's markup.

Mr. President, it is important to note that, to date, many national organizations have issued formal position statements with respect to Price-Anderson renewal. Among these groups, there are several declarations worth noting as they relate to S. 1225.

The National Governors' Association supports:

First, a liability ceiling for commercial reactors of $2 billion, based on a one-time retrospective premium assessment of no more than $15 million per reactor per incident. If an accident caused damages in excess of the $2 billion, the Federal Government should step in to provide additional means for compensation of victims.

Second, broadening Price-Anderson coverage to explicitly cover nuclear waste activities, and precautionary evacuations.

Third, revising the statute of limitations for extraordinary nuclear occurrences from the present 20 years to a several-year-long discovery rule.

Resolutions of the National Association of Regulatory Utility Commissioners with respect to Price-Anderson renewal endorse:

First, preservation of an upper limit to liability;

Second, adjustment of the liability limit to account for inflation; and

Third, a clear commitment by Congress to fully compensate victims of a nuclear incident.

The National Conference of State Legislatures state in their energy committee resolutions that:

The Federal Government should be responsible for protection of the public against damages and personal injury incurred as a result of an accident in the transportation or disposal of high-level nuclear waste, and that the States should be held harmless for any such accidents.

The American Bar Association supports renewal of Price-Anderson provisions that authorize Federal indemnification of all contractors engaged in Department of Energy work with respect to nuclear activities.

The AFL-CIO fully supports the extension of the Price-Anderson Act beyond its 1987 expiration date.

Given that the interests of these national organizations are often widely divergent, it may seem surprising that their concerns are so similar with respect to Price-Anderson. Let me assure my colleagues that this is no coincidence. Furthermore, it is no coincidence that S. 1225, as written and as it is further evolving during committee markup, closely parallels the positions of these various groups. The explanation for this remarkable consistency can be found by examining the single most important motivation driving the issues: That is, the desire to maximize the protection to the public afforded by the Price-Anderson scheme, while at the same time preserving the key elements of that scheme that allow it to work so well.

I might add that it is also not just a coincidence that movement in the House on Price-Anderson renewal is very clearly in the direction of S. 1225. Given the many varying options, the many different bills, and the many creative proposals floating in the Halls of Congress concerning Price-Anderson renewal, the fact that all these interested parties that I've mentioned are converging on one final target gives me real hope that we will see this bill through Congress this year.

Whereas we are far from finished with the job of fine tuning the Price-Anderson bill, I am confident that the progress we have made so far will continue to drive the process toward a reasonable, balanced, and workable final product.●

NOTICE OF DETERMINATIONS BY THE SELECT COMMITTEE ON ETHICS

● Mr. RUDMAN. Mr. President, it is required by paragraph 4 of rule 35 that I place in the CONGRESSIONAL RECORD notices of Senate employees who participate in programs, the principal objective of which is educational,

sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The select committee has received a request for a determination under rule 35, for Ms. Patricia L. Lynch, a member of the staff of Senator DENNIS DECONCINI, to participate in a program in Taipei, Taiwan, sponsored by Tamkang University, from March 28–April 6, 1986.

The committee has determined that participation by Ms. Lynch in the program in Taiwan, at the expense of Tamkang University, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35, for Ms. Jean Huffer, a member of the staff of Senator DONALD W. RIEGLE, JR., to participate in a program in Taipei, Taiwan, sponsored by Tamkang University, from March 28–April 6, 1986.

The committee has determined that participation by Ms. Huffer in the program in Taiwan, at the expense of Tamkang University, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35, for Mr. John Dukakis, a member of the staff of Senator JOHN F. KERRY, to participate in a program in Taiwan, sponsored by Tamkang University, from March 29 to April 6, 1986, and in a meeting with United States and Thai officials in Bangkok, Thailand, sponsored by Refugees International, from April 6 to April 10, 1986.

The committee has determined that participation by Mr. Dukakis in these programs in Taiwan, at the expense of Tamkang University, and in Thailand, at the expense of Refugees International, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35, for Mr. Ray Bramucci, State director for Senator BILL BRADLEY, to participate in a program in Taiwan, sponsored by Tamkang University, from March 28 to April 5, 1986.

The committee has determined that participation by Mr. Bramucci in the program in Taiwan, at the expense of Tamkang University, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35, for Ms. Marilyn Yager, a member of the staff of the Labor and Human Resources Subcommittee of the Handicapped, to participate in a program in Taiwan, sponsored by the Chinese Cultured University, from March 26 to April 5, 1986.

The committee has determined that participation by Ms. Yager in the program in Taiwan, at the expense of the Chinese Culture University, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35, for Mr. C. Randall Nuckolls, a member of the staff of Senator SAM NUNN, to participate in a program in Taiwan, sponsored by Tamkang University, from March 29 to April 6, 1986.

The committee has determined that participation by Mr. Nuckolls in the program in Taiwan, at the expense of Tamkang University, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35, for Mr. Jonas K. Bobelis, a member of the staff of Senator PAULA HAWKINS, to participate in a program in Taiwan, sponsored by the Chinese Culture University, from March 29–April 5, 1986.

The committee has determined that participation by Mr. Bobelis in the program in Taiwan, at the expense of the Chinese Culture University, is in the interest of the Senate and the United States.

OUR NUCLEAR INDUSTRY

● Mr. McCLURE. Mr. President, commercial nuclear power in the United States reached a milestone this month when the Perry One plant in North Perry, OH, went on line, becoming the Nation's 100th commercially operable nuclear powerplant.

In light of that occasion, I would like to spend a few moments to discuss the past, present, and future of our nuclear industry.

For 25 years, nuclear powerplants in this country have operated efficiently, safely, and economically. They provide an alternative to oil and independence from the unstable countries that hold most of the world's reserves.

Despite the exemplary record and obvious benefits to a stable, self-directed future, I am concerned the nuclear power industry in the United States faces a cloudy future.

By 1990, about 120 nuclear powerplants are expected to be operating in this country. But beyond that, there is no new plant construction planned.

While energy supplies are plentiful now, it is well-chronicled that the United States will need more generating capacity in the next decade. In hearings last summer before the Senate Energy and Natural Resources Committee, featuring 32 of the Nation's foremost authorities on electricity demand and energy economics, the majority of witnesses agreed that the country is likely to need new generating capacity early in the next decade. Without it, the Nation could face a shortage of electricity and a return to widespread dependence on oil and gas.

A number of factors have contributed, and continue to contribute, to the uncertain future of nuclear power.

Many plants were planned and started to meet the huge energy demands that grew out of the 1950's and 1960's. The 1973 Arab oil embargo unexpectedly slowed energy growth and caused drastic increases in energy costs, which in turn touched off runaway inflation and higher interest rates. The interest rates hurt large-scale construction projects, including nuclear plants.

In addition, hundreds of new regulations affecting nuclear plant construction have been imposed in recent years. Many of these were imposed retroactively, requiring many utilities to tear out and rebuild already completed systems.

The cost increases that resulted from this one-two punch led some State regulatory commissions to withhold all or parts of nuclear plant investment allowances from utility ratebases, effectively punishing utilities that have already invested to meet future demands. This, in turn, has undermined investor confidence in utility investment and dampened utility incentive to undertake large-scale construction.

The problems of the current generation of nuclear units in the United States, in the words of the Edison Electric Institute Task Force, arise not from the nature of the technology but from the way we have chosen to regulate and manage the country's nuclear enterprise.

Nuclear power is thriving in France, Japan, Sweden, and other countries. It can thrive here too. We must work together to correct the problems that threaten this country's most promising energy option. Letting the industry wither away would be a tragedy of immense proportions.

Let the celebration of the opening of the North Perry plant be the dawn of a resurgence in our nuclear industry, not the swan song of an important technology that can lead the world out of the age of fossil fuels.●

REPORT OF THE SURGEON GENERAL'S ADVISORY COMMITTEE ON THE HEALTH CONSEQUENCES OF USING SMOKELESS TOBACCO

● Mr. LUGAR. Mr. President, I would like to share with all of my colleagues the statements of Surgeon General C. Everett Koop, Senator HATCH, and myself in response to the release of the "Report of the Surgeon General's Advisory Committee on the Health Consequences of Using Smokeless Tobacco." These statements bring to light important information as to the health hazards of smokeless tobacco

use and I ask that the statements be printed in the RECORD.

The statements follow:

STATEMENT OF SURGEON GENERAL C. EVERETT KOOP

This Report on the Health Consequences of Using Smokeless Tobacco completes the Public Health Service's initial examination of smokeless tobacco's role in the causation of cancer, noncancerous and precancerous oral diseases or conditions, addiction, and other adverse health effects. The final copy of the report will be available for distribution on April 1, 1986. Almost 30 years after the Public Health Service's first statement of the health effects of cigarette smoking, it is now possible to issue the first comprehensive, indepth review of the relationship between smokeless tobacco use and health.

Ironically, while cigarette smoking has declined during the past 20 years, the production and apparent consumption of smokeless tobacco products have risen significantly. These increases are in marked contrast to the decline in smokeless tobacco use in the United States during the first half of this century. Indeed, smokeless tobacco products, particularly chewing tobacco and snuff, have recently emerged as popular products for the first time since the turn of the century. National estimates indicate that at least 12 million Americans used some form of smokeless tobacco during 1985 with use increasing especially among male adolescents and young male adults.

The report constitutes a comprehensive review by an Advisory Committee to the Surgeon General of the available scientific literature to determine whether using smokeless tobacco increases the risk of cancer and noncancerous oral diseases, leads to addiction and dependence, and contributes to other health consequences.

After a careful examination of the relevant epidemiologic, experimental and clinical data, the committee concludes that the oral use of smokeless tobacco represents a significant health risk. It is not a safe substitute for smoking cigarettes. It can cause cancer and a number of noncancerous oral conditions and can lead to nicotine addiction and dependence.

The major overall conclusions of this report are the following:

(1) It is estimated that smokeless tobacco was used by at least 12 million people in the United States in 1985 and that half of these were regular users. The use of smokeless tobacco, particularly moist snuff, is increasing, especially among male adolescents and young male adults.

(2) The scientific evidence is strong that the use of snuff can cause cancer in humans. The evidence for causality is strongest for cancer of the oral cavity, wherein cancer may occur several times more frequently in snuff dippers compared to nontobacco users. The excess risk of cancer of the cheek and gum may reach nearly fiftyfold among long-term snuff users.

(3) Some investigations suggest that the use of chewing tobacco may also increase the risk of oral cancer, but the evidence is not as strong and the risks have yet to be quantified.

(4) Experimental investigations reveal potent carcinogens in smokeless tobacco. These include nitrosamines, polycyclic aromatic hydrocarbons, and radiation-emitting polonium. The tobacco-specific nitrosamines often have been detected at levels 100 or more times higher than Government-regulated levels of other nitrosamines permitted in foods eaten by Americans.

Animals exposed to these tobacco-specific nitrosamines, at levels approximating those thought to be accumulated during a human life-time by daily smokeless tobacco users, have developed an excess of a variety of tumors. The nitrosamines can be metabolized by target tissues to compounds that can modify cellular genetic material.

(5) Smokeless tobacco use can lead to the development of oral leukoplakias (white patches or plaques of the oral mucosa), particularly at the site of tobacco placement. Based on evidence from several studies, a portion of leukoplakias can undergo transformation to dysplasia and further to cancer.

(6) Gingival recession is a commonly reported outcome of smokeless tobacco use.

(9) All commonly marketed and consumed smokeless tobacco products contain substantial quantities of nicotine. The nicotine is delivered to the central nervous system in addicting quantities when used in the fashion that each form is commonly used (or as recommended in smokeless tobacco marketing campaigns).

(10) A number of studies have shown that nicotine exposure from smoking cigarettes can cause addiction in humans. In this regard, nicotine is similar to other addictive drugs such as morphine and cocaine. Since nicotine levels in the body resulting from smokeless tobacco are similar in magnitude to nicotine levels from cigarette smoking, it is concluded that smokeless tobacco use also can be addictive. Besides, recent studies have shown that nicotine administered orally has the potential to produce a physiologic dependence.

(11) Since the exposure to nicotine from smokeless tobacco is similar in magnitude to nicotine exposure from cigarette smoking, the health consequences of smoking that are caused by nicotine also would be expected to be hazards of smokeless tobacco use. Areas of particular concern in which nicotine may play a contributory or supportive role in the pathogenesis of disease include coronary artery and peripheral vascular disease, hypertension, peptic ulcer disease, and fetal morality and morbidity.

This report is the work of numerous experts within the Department of Health and Human Services and in the non-Federal scientific community. I express my gratitude for their contributions.

STATEMENT OF SENATOR ORRIN G. HATCH

I am pleased to be here today, along with Senator Lugar and the Surgeon General, Dr. C. Everett Koop, to release the "Report of the Surgeon General's Advisory Committee on the Health Consequences of Using Smokeless Tobacco." I believe this report is must reading for the 12 million users of these potentially deadly products.

We have suspected that smokeless tobacco presented serious health risks for more than 250 years, ever since Dr. John Hill described an association between snuff use and cancer. More recently, the National Institutes of Health confirmed those suspicions concluding that "human data provides convincing evidence for an increased risk of oral cancer as the result of smokeless tobacco use" and went on to conclude "that tobacco by the oral route has substantial addicting properties."

This report buttresses the NIH findings. It concludes that oral use of smokeless tobacco represents a "significant health risk." It is not a safe substitute for smoking cigarettes. It can cause cancer. And it can lead to nicotine addiction. These conclusions are based on an extensive review of the relevant epideniologic, experimental, and clinical data by some of this country's most prominent scientists and researchers. This report represents the most extensive review of the health risks of smokeless tobacco products to date.

When most of us think of smokeless tobacco, we think of the professional athletes who endorse them. But we'd better think again—because today it is or children who are using this product. Studies have shown that in some areas up to 21 percent of kindergarteners—I repeat kindergarteners—have tried smokeless tobacco products.

Fortunately, my own state of Utah has set an example for the rest of the country. I'm thankful that we have the lowest rate of smokeless tobacco use and, in fact, the lowest rate or tobacco use in general. This is one of the factors which has lead to Utah having the lowest cancer-related death rate in the country. I hope the rest of the nation will profit from our example.

In response to the consensus on the part of the scientific community as to the health risks of smokeless tobacco products, Senator Lugar and I introduced legislation August 1st last year to place three strong health warnings on smokeless tobacco products and advertisements. Our bill also bans smokeless tobacco advertisements from radio and television, establishes a public education program, and requires that manufacturers make available to research scientists a list of chemical ingredients they use in smokeless tobacco products. I am delighted to say that the President signed our bill into law on February 27, 1986 (P.L. 99-252).

Now that the endorsements by athletes that hooked our children on these poisonsous products are fading from public view, I would like to give equal time some advice given by the Hall of Fame quarterback from the New York Jets, Broadway Joe Namath. During this year's Pro Bowl telecast, Joe confided that he had used smokeless tobacco products for seventeen years. He finally was able to quit, but described it as the hardes thing he had ever done. He then advised others not to repeat the mistake he made by starting. Joe, I know Dr. Koop, Senator Lugar, and so many others are glad to have you on our side as we take the field against these potential killers. I hope your sound advice scores points with young people across America.

STATEMENT OF SENATOR RICHARD G. LUGAR

I am very pleased that the Report of the Surgeon General's Advisory Committee on the Health consequences of Using Smokeless Tobacco has now been presented. I commend the Surgeon General, Dr. Koop, for his forthright leadership on this issue. This report does much to further identify and bring to public attention the unmistakable scientific evidence that oral use of smokeless tobacco represents a significant health risk to our nation and our young people, specifically.

This critical report presents a comprehensive review of the scientific literature and highlights that the use of smokeless tobacco, particularly moist snuff, can cause cancer and that these products contain potent carcinogens at levels 100 times higher than permitted government-regulated levels. The report examines the addictive qualities of smokeless tobacco and cites recent studies indicating that nicotine ad-

ministered orally has the potential to produce a physiologic dependence.

As the original sponsor of the Comprehensive Smokeless Tobacco and Health Education Act of 1986, P.L. 99-252, I am acutely aware of the need to educate the public as to the health risks associated with the use of smokeless tobacco products. I introduced this measure and worked for its passage because I feel strongly that American citizens, particularly our young people, must be warned about the health hazards of smokeless tobacco use. The bill contains three strong and accurate health warnings:

Warning: This product may cause mouth cancer.

Warning: This product may cause gum disease and tooth loss.

Warning: This product is not a safe alternative to cigarettes.

These warnings are required on packages of smokeless tobacco as well as on print advertising of these products. The bill also bans smokeless tobacco advertisements from radio and television and requires that the ingredients, particularly chemical additives, must be made available to research scientists in order to determine whether they might cause harmful effects in addition to the well documented toxic effects of tobacco. In addition, the bill provides for the development of public education programs to aid in warning the public as to the dangers associated with smokeless tobacco use.

There are currently about 12 million Americans who regularly use smokeless tobacco. Of these 12 million, 3 million are under the age of 21. However, a shocking fact is that a large proportion of our children use this product. A Texas study found that 88 percent of regular smokeless tobacco users started before the age of 15, and 55 percent started before the age of 13. A Louisiana study found that 50 percent of 14 year old youths regularly use smokeless tobacco products. An Arkansas study found that more than 21 percent of the kindergarten children have tried smokeless tobacco products. In Indiana, my home, a survey of 8th to 12th graders indicate that in some classes, up to 47 percent of the male students are users of smokeless tobacco.

These statistics are particularly alarming when examined in the face of the known health risks of smokeless tobacco use. According to the Surgeon General's Report and the National Institutes of Health Consensus Development Statement, "The human data provide convincing evidence for an increased risk of oral cancer as the result of smokeless tobacco use" and the risk increases with increasing duration of snuff use. Moreover, the use of smokeless tobacco is associated with receding gums, periodontal bone destruction, tooth abrasion, and precancerous lesions such as leukoplakia. Finally, most snuff and chewing tobacco contain significant levels of nicotine which is associated with a rise in blood pressure and heart rate, and addiction.

The unquestionable health risks associated with the use of smokeless tobacco products, coupled with the increased use of this product, especially among our young people, can no longer be ignored. I commend Dr. Koop for his timely report outlining the scientific evidence documenting these significant health risks.●

ON THE 100TH ANNIVERSARY OF THE BIRTH OF ATHENAGORAS I

● Mr. SARBANES. Mr. President, today marks the 100th anniversary of the birth of Athenagoras I, ecumenical patriarch of Constantinople from his enthronement on January 26, 1949, until his death more than 23 years later on July 6, 1987, and from 1931 to 1949, archbishop of the Greek Orthodox Church of North and South America. It is an occasion well worth marking, for to this day, Athenagoras is remembered and revered as a wise and holy man, a devoted servant of God and shepherd to his flock whose teaching and example reached round the world.

Born in the little town of Vassilikon, in the Epirus region in northwestern Greece, Athenagoras, as a young man, left home to study theology at the Patriarchal Theological School of Halki, near Istanbul. Upon completion of his training in 1910, he was ordained a deacon and appointed to serve as archdeacon of the diocese of Peagonia in Macedonia, where he served until 1918. The following year, he was named archdeacon to Archbishop Meletios of Athens, who subsequently became ecumenical patriarch of Constantinople, and shortly thereafter first secretary of the Holy Synod of Greece. At the same time, he was ordained a priest and began his illustrious service in the Orthodox priesthood that was to span more than half a century.

Three years later, in 1922, he was elevated to the rank of bishop and named metropolitan of Corfu and Paxos. His fame spread throughout Greece during the 8 years he served the Corfu diocese, for in addition to being a spiritual leader, he proved to be an administrator of unusual skill and, in the face of Mussolini's bombardment of Corfu in 1923, a courageous spokesman for his people. His elevation in 1931 to be archbishop of the Greek Orthodox Church of North and South America reflected the admiration and trust which he inspired.

The bright promise of his earlier years was fully realized in his 18 years' devoted service as primate in the Americas. Athenagoras brought new life and spirit to the Orthodox Church in this country, and indeed to the Greek-American community. He traveled the length and breadth of the archdiocese, using his great energy and diplomatic skills to organize Greek Orthodox communities, and enlisting the support of existing Greek-American societies whose friend he became. He devoted special attention to the establishment of eductional institutions: parochial schools where none had existed; the Holy Cross Greek Orthodox Theological School, now a division of the Hellenic College; the Academy of St. Basil; the Ladies' Philoptohos Sisterhood, to function as the philanthropic agency for the archdiocese. At the same time, he reached out beyond the Greek Orthodox community to leaders of other religious faiths and, becoming a U.S. citizen, to the adopted country which welcomed him.

In view of his great accomplishments as archbishop, Athenagoras' election to be ecumenical patriarch of Constantinople, with responsibility for all Greek Orthodoxy outside of Greece itself, was not surprising. Nor was it surprising, in view of the respect and affection which Athenagoras had earned, that President Truman should provide a special plane for the flight of the patriarch-elect to Istanbul in January 1949.

Enthroned as ecumenical patriarch, Athenagoras brought to his great tasks a new vision of peace, harmony, and renewal. Seeking to promote great unity among the world's Orthodox churches, he arranged for an exchange in 1954 between delegations of the patriarchate and those of the Churches of Alexandria, Antioch, Bulgaria, Rumania, Russia, Serbia, and Greece; he himself visited the Holy Land and Egypt in 1959 and met personally with the patriarchs of Antioch, Jerusalem, and Alexandria. In 1963, he made his first visit to Greece as ecumenical patriarch.

In his striving for greater unity the world's Orthodox churches, Athenagoras convened the first Pan-Orthodox Conference in 1961 and the second in 1963, always carrying out with tact and wisdom the sensitive role of the ecumenical patriarch as "first among equals." But his concerns extended beyond the limits of the Orthodox world. Shortly after his election as ecumenical patriarch, Athenagoras had arranged for the partriarchate to join the newly organized World Council of Churches; at the 1961 conference and more specifically in 1963, he raised the question of closer relations between the Orthodox and Roman Catholic churches. In December 1963, having received a cordial message from the newly elected Pope Paul VI, Athenagoras proposed that the two meet in Jerusalem.

The historic meeting took place on January 5 and 6 on the Mount of Olives and marked an important step toward the reconciliation of the two ancient churches, who, the following year, annulled the excommunication which each had placed upon the other at the time of the schism in 1054 A.D. In 1967, the two leaders met again, first in Constantinople and later in Rome. Athenagoras then went on to London for talks with the leader of the Anglican Church, the archbishop of Canterbury, to continue the work, which had begun with their meeting several years earlier in Constantinople, of drawing the two churches closer together.

In the last years, Athenagoras continued the great work to which he had devoted his life. It was said of him

that "what was considered impossible and utopian became the purpose of his activities and his goal." Beloved by the millions whose spiritual leader he was, revered and respected everywhere, he was truly a visionary leader and a prophet of reconciliation and peace. On the occasion of the 100th anniversary of his birth, he is remembered with deep gratitude.●

BIELORUSSIAN INDEPENDENCE DAY

● Mr. SIMON. Mr. President, today is the 68th anniversary of Bielorussian Independence Day. I am pleased to recall this anniversary in honor of the brave Bielorussian people who are still fighting for their national and cultural independence.

When we think of the Soviet Union, too often we focus on the major power struggles between Moscow and Washington, or between top Communist Party officials vying for control. Many of us still use "Russia" interchangeably with "Soviet." But of the 15 republics comprising the Soviet Union, 14 are non-Russian. There are hundreds of different languages and nationalities, and we must never forget that the non-Russian peoples' traditions and liberties are sharply curtailed and in some cases forbidden by Moscow.

We ought to pay particular attention to the American Bielorussian community's suggestions for easing the plight of their compatriots under Soviet control. We ought to try and get an American consulate opened in Minsk, the capital of Bielorussia. We should encourage the United States Information Agency to include Bielorussian and other non-Russian groups in the new Cultural Exchange Agreement. And we should broadcast in the Bielorussian language to the 10 million Bielorussians over the Voice of America, a decision long overdue.

We must not forget the captive nations under Soviet domination. We must continue to bring attention to their yearnings for freedom. Mr. President, I ask that the letter from the Bielorussian Congress Committee of America be printed in the RECORD.

The letter follows:

BYELORUSSIAN CONGRESS
COMMITTEE OF AMERICA,
Queens, NY, March 14, 1986.

Hon. PAUL SIMON,
U.S. Senate,
Washington, DC

GENTLEMAN: The American citizens of Byelorussian origin will celebrate on March 25, 1986 the 68th anniversary of the declaration of independence of the Byelorussian Democartic Republic. This event reflects the desire of the Byelorussian people for freedom and national independence. The following presentation gives a short historical background of the events that led to the declaration of independence with the present day implications.

The Tsarist Russian Empire collapsed at the end of World War I, in March, 1917. At the favorable moment simultaneously with other Captive Nations, Byelorussia restored its natural soverignty.

After extensive preparatory activities by many organizations, the First All-Byelorussian Congress assembled in Minsk on December 14, 1917. The Congress consisted of 1,872 delegates democratically elected from all regions of Byelorussian ethnographic lands. This Congress was a national constituents whose goal was to establish the statehood of Byelorussia Bolshevik-Russian delegates were in small minority and were not able to influence the congressional decision. After the Congress had chosen independence for the Byelorussian state, the Soviet Russian troops dispersed it on December 18, 1917.

The next day, the Congress reconvened and delegated its rights and authority to the Council of Congress. On March 25, 1918, this enlarged Council proclaimed independence of the Byelorussian Democratic Republic. This Republic was recognized de jure by Austria, Estonia, Czechoslovakia, Finland, Georgia, Latvia, Lithuania, Poland, and the Ukraine. It was recognized de facto by Bulgaria, Denmark, France and Yugoslavia.

In direct opposition to this independent Byelorussian state, the Soviet Russian government created the Byelorussian Soviet Socialist Republic (BSSR). This puppet state was created and its government was selected in Moscow. Proclamation of the BSSR rook place in the conquered, at that time, city of Smolensk, on January 1, 1919. Subsequently, the Soviet Russian Army engaged in aggression against Byelorussia. In the northeastern part of the country, armed fighting against Soviet Russian armies was directed by Major-General Bulak-Balakhovich. But, his armed forces finally were defeated by the Russians and he retreated to Estonia in 1920.

The severe fighting developed in the southeastern part of the country, directed from the city of Slutsk. However, without any outside help, the Byelorussian division of Slutsk was not able to stop the invasion of the Red Russian armies and on December 28, 1920, it retreated to the west, crossing the Polish border.

This was the time when Soviet Russia tried also to occupy Poland. But after being defeated at Warsaw on August 17, 1920, Russia concluded a peace treaty with Poland in Riga on March 18, 1921. The Moscow government, with representatives from the BSSR, partitioned the territory of Byelorussia as follows: the BSSR was alloted a territory of six counties of the Minsk district only, with a population of approximately 1.2 million; Poland received around 100,000 sq. km. of Byelorussia with a population of approximately 4.0 million; approximately 250,000 sq. km of Byelorussian territory with a population of over 9.0 million was annexed directly to the Russian SFSR. In this way the Soviet Russian government brutally suppressed the desire of the Byelorussian people for self-determination and independence.

After all non-Russian independent republics were conquered and destroyed by Soviet Russian armies and the Kremlin created the puppet Soviet Socialist Republics, the Moscow government started the campaign for a formal unification of these national republics and for a complete administrative subordination to the centralist government in Moscow. Lenin and Stalin were instrumental in accomplishing this goal. The session of the Central Committee of Russian Communist Party (Bolsheviks) on October 6, 1922 adopted the draft by Lenin formulating the creation of the USSR. The 4th Assembly of the Soviets of Byelorussian SSR, as an obedient body to Moscow rule, adopted the declaration for the necessity of creation of the USSR. On December 30, 1922, the Moscow selected representatives of the BSSR, together with similar representatives of other Soviet Republics, signed the Declaration and Agreement formally establishing the USSR.

Economic chaos and internal resistance to the communist policies in 1921-1922 forced the Moscow government to deviate from communist program and introduce a more liberal New Economic Policy (NEP). The NEP also included substantial concessions to the national culture, education, etc. for non-Russian nations. According to this, in 1924, a number of districts from Homel, Smalensk, and Vitsebsk provinces were ceded by Russia to the BSSR. In 1926 the counties of Homel and Rechytsa were ceded by Russia to the BSSR. At that time, the population of the BSSR reached 5 million. However, about half of the Byelorussian ethnographic territory still remained inside of the Russian SFSR.

Having established its power in the USSR, the Bolshevik government of Moscow in 1929 drastically changed its relatively liberal NEP into a communist policy of severe national persecution and economic exploitation. The first Five Year Plan inaugurated in 1928 signalized this basic change. It started with the annihilation of Byelorussian leaders. In 1928 J. Adamovich was removed from the post of Chairman of the Soviet People's Commissars and sent into banishment. In 1929 A. Balicki was removed from the post of Commissar of Education, D. Pryshchepav was removed from the post of Commissar of Agriculture, the known scientist V. Lastouski was removed from the post of Secretary of the Byelorussian Academy of Sciences, and Prof. S. Nekrashevich was removed from the post of Vice President of the Academy. Thousands of scholars, writers, teachers, state officials, and even students, were arrested, murdered in jails, or deported to concentration camps. Subsequently, Byelorussians were constantly removed from all leading posts in the country and replaced by non-Byelorussians.

At that time, forced collectivization of agriculture was introduced into BSSR. The Byelorussian peasants were distinguished by their traditional attachment to private property. They offered firm resistance to collectivization. The Moscow government applied mass and ruthless terror. The more prosperous peasants, over 1.5 million, were arrested and deported to the concentration camps in the forests of Siberia and deserts of Kazakhstan. In this way the collectivization of the individual farms was conducted in BSSR over several years and completed only in 1937, four years later than projected in the 1930 plan.

The waves of mass arrests, executions and deportations were systematically occurring all over Byelorussia. In 1930-1932 the countless intellectuals were arrested, among them Dr. A. Cvikievich, former Prime Minister of the Byelorussian Democratic Republic; the scholar V. Lastouski; the geographer A. Smolich; agronomist D. Pryshchepav; the scientist S. Niekrashevich. They were charged with belonging to an illegal organization (in reality nonexistent), the League

for the Liberation of Byelorussia from Soviet domination.

In 1933-1934, among the many arrested, all were former Byelorussian members of the Polish Parliament who sought political asylum in the BSSR. They were accused of belonging to the nonexistent Byelorussian National Center, of cooperating with the Polish General Staff and the Ukrainian National Center.

In 1936-1937 over 90 poets, writers, composers, dramatists, artists, and professors were arrested. Among them were such great talents as U. Dubouka, Ya. Pushcha, M. Zaretski, C. Dudar, U. Zhylka, M. Hatetski, B. Klashtorny, M. Charot, and many others. Among the most famous Byelorussian scientists, professors, and academicians arrested were Epimakh-Shypila, Douna Zapolski, G. Haretski, Krutalevich, Dydyrka, J. Zamotsin, Piatukhovich, and many others, altogether over 50 men. At that time, tens of thousands of Byelorussian teachers, agronomists, physicians, engineers, lawyers and students were arrested, executed or deported to concentration camps.

In 1938 arrests were carried out on a large scale among the Byelorussian Communist high officials. A. Charviakov, President of BSSR; M. Haladzied, Chairman of the Council of People's Commissars of BSSR; I. Ubarevich, Commander of the Byelorussian Military District; B. Sharanhovich, the First Secretary of the Central Committee of the Byelorussian Communist Party were all arrested and killed. The entire Central Committee of the Byelorussian Communist Party was purged in 1938. Many thousands of Byelorussian government officials were liquidated. They were replaced by non-Byelorussians.

Religious life was attacked by Bolsheviks ruthlessly. The Assembly of the Clergy and Laymen on July 23, 1923 in Minsk, proclaimed formation of the Autocephalic Byelorussian Orthodox Church to secure independence from Moscow Patriarchate. However, the elected Head of the Church, Metropolitan Melkhisedek, was summoned to Moscow, imprisoned and died under mysterious circumstances. Bishop Ioan of Mazyr died in a concentration camp, Bishop Filaret of Babruysk and Bishop Mikalai of Slutsk died in prison. Subsequently, all 2,000 clergymen were executed or deported to concentration camps. 2,500 churches and 23 monasteries were ruined or closed. By 1937, the Orthodox Church in BSSR was destroyed completely. A similar fate had met the religious life of all other demoninations and church organizations.

After the liquidation of the NEP, the Moscow government started an intensified campaign for Russianization of the Byelorussian people and their country. To bring the Byelorussian literary language closer to Russian, on August 26, 1933, changes in Byelorussian grammar and orthography were introduced.

The Moscow government removed from circulation and destroyed all ethnographic and patriotic Byelorussian books and periodic publications. For this purpose in 1935, a secret catalogue was printed, "Joint Control List of Publications of the Byelorussian State Publishing House", in an edition of 500 copies for use only by the Communist Party members. According to this publication, in the year 1935 alone there were destroyed 1,778 listed titles of books and magazines in a total amount of 12 million copies. Instead, Byelorussian was flooed with Russian publications of classical literature and Communist propaganda.

On March 13, 1938 by a Moscow governmental decree, the study of the Russian language was made obligatory in the schools of Byelorussia and the other national republics of the USSR. Immediately a final Russianization of schools was pursued. The language of instruction in all universities and in almost all high schools and grammar schools was made Russian. The Russian language was introduced into cultural life, administrative offices, commerce, communications, armed forces, etc.

The Moscow government commenced to liquidate the cultural achievements of the Byelorussian people created in the historical past. Many architectural and religious monuments, cathedrals, churches, and monasteries, were ruined completely. Even after World War II at the Freedom Place in Minsk, the Roman Catholic Cathedral and a medieval city hall tower of the specific Byelorussian architecture were destroyed. Buildings in Byelorussia were erected in the uniform present Russian style.

The names of towns, streets, institutions, schools, etc., are dedicated to the Russians or international Communists. The university in Minsk is dedicated to the Russian Communist Lenin; the military school in Minsk is dedicated to the Russian czarist General Syvorov; the prospect in Minsk is dedicated to the Russian poet Pushkin. In Byelorussian towns and cities many monuments were erected and dedicated to the Russian personalities.

After the occupation of Western Byelorussia in 1939, the Soviet government of Moscow immediately deported more than half a million of its population to the concentration camps of Siberia and Kazakhstan.

During World War II, the Soviet Russian guerrillas were murdering, as a rule, Byelorussian teachers, officials, writers, farmers, priests, and all relatives of those who held any position in national Byelorussian life.

Despite mass terror and huge devastation of Byelorussian population by Soviet Russia, the Second All-Byelorussian Congress held, at the time of the German departure on June 27, 1944 in Minsk, the activities of the Byelorussian Central Council, and the armed fight of the Byelorussian National Guard against Soviet Russia for independence for native country, gave the best proof for the real desire of the Byelorussian people. Therefore, after the occupation of Byelorussia in 1944, the Russian government used its mass deportations, public hangings, and executions by shooting of the Byelorussian national and cultural leaders, workers, and peasants.

During World War II, the All-Byelorussian Orthodox Church Assembly convened in Minsk on August 30, 1942. This Assembly, composed of bishops, priests, and laymen, restored the Autocephalic Byelorussian Orthodox Church and requested the Patriarch of Constantinople to grant the required Thomos. The believers in Eastern Byelorussia began to repair and restore churches and to renew services as well as the entire religious life. However, after the occupation of Byelorussia in 1944, the Soviet Russian government liquidated the Byelorussian Church. Byelorussian bishops were forced to leave the country, many priests were executed or deported to concentration camps, and many parishes were closed. All existing churches in Byelorussia were subordinated to the Patriarch of Moscow and Russianized.

During 68 years of occupation, the Moscow government has annihilated over 6 million of the Byelorussian population. The barbarian massacre of 35,000 Afghan civilians during 1985 by Soviet Russian troops, according to the United Nations report of February 26, 1986, represents only a small part of the mass annihilation perpetrated by Russian Bolsheviks on the Byelorussian people. Nearly 5 million Afghans were able to flee from the Soviet Russian terror and presently are living abroad, according to the same report. Byelorussians, however, being encircled by Russian occupiers, have not had such a lucky possibility and were murdered or deported to concentration camps for exploitation or an early death.

The desire for freedom of oppressed by Soviet regime nations and nationalities is a common phenomenon. The latest refusniks, arriving to the Free World, are persistently stating that "this is the ecumenism of the Gulag, the universal solidarity of the yearning for freedom" (Chicago Tribune, Feb. 25, 1986). Two youths from Minsk, the Byelorussian capital, tried to flee the USSR in a dinghy via Estonia to Finland. However, they were caught by Soviet Russian Coast Guard patrols (Chicago Tribune, Jan. 29, 1986). Their future will be very sad.

It is hard to believe that the genocidal policies of the present Soviet Russian government will be able to eradicate the desire of the Byelorussian people for national independence. The historical past is convincing that at the suitable opportunity, Byelorussians will again commence the military fight for their liberation.

Very truly yours,

MICHAEL SIENKO,
Secretary.

JOHN KOSIAK,
President.●

GREEK INDEPENDENCE DAY

● Mr. SIMON. Mr. President, today we celebrate the 165th anniversary of Greek independence. After the fall of the Byzantine Empire in 1453, the Greek people lived for almost 400 years under Turkish domination. With determination and courage, the Greek people kept the spirit of freedom alive and finally regained their independence in 1827.

In 1814, Greek merchants formed a secret organization to plan an uprising of all Greeks of the European section of the Sultan's empire. In 1821, a revolution began in the Piloponnese, Central Greece, and the Aegean Islands. Europeans, as well as Americans, joined in the fight for Greek independence. Many of them went to Greece to fight with the Greek armies. Special committees were established in various European countries to collect money and supplies for the Greek army. Thousands of people backed the Greek cause.

With the attack of a Turkish fleet at the Battle of Navarino on October 20, 1827, the Sultan was forced to concede national political independence to Greek revolutionaries. The struggle by the Greek people to regain their freedoms and values was finally over. As Americans, we pay tribute to the Greeks for their dedication and perseverance.

Greek Americans have made significant contributions to our society. In early history, the Greeks established the basis of our present-day form of democracy. The Greek people have enhanced all areas of our lives, including art, architecture, literature, and science. They continue to contribute to the growth and prosperity of our country.

During a recent trip to Greece, I met with Prime Minister Andreas Papandreou, as well as several other Greek officials. I discussed possible solutions to the Cyprus situation with Prime Minsiter Papandreou and opposition leader Constantine Mitsotakis. We agreed that the problems between the Turkish-Cypriots and the Greek-Cypriots are not insoluble. A solution can be reached if both parties are willing to negotiate, and the United States can offer its support for peace in Cyprus.

In the spirit of Greek Independence Day, it is appropriate that we give thanks for our freedoms and independence in America and recognize the significant contributions to our society by the Greek people.

Mr. President, I would also like to take this opportunity to commemorate the late Patriarch Athenagoras I on the 100th anniversary of his birth. Greek Orthodox communities all across America are also celebrating this anniversary today.

The late patriarch was beloved by his followers. As patriarch, he met with Pope Paul VI and what followed was the end of 933 years of mutual excommunication between the two Sees of Christendom. During the years 1931-48, when he was archbishop of the Americas, the Greek Orthodox communities organized systematically. In that period, several eminent organizations were founded in the United States, including the Ladies Philoptochos Society, the Holy Cross School of Theology, and St. Basil's Academy.

On March 25, the 100th anniversary of the birth of the late patriarch, it is indeed proper that we recognize the tremendous faith and vision of the late patriarch and join in the celebration of the Greek Orthodox communities of America.●

NAUM AND INNA MEIMAN

● Mr. SIMON. Mr. President, I would like to call my colleagues' attention to the case of Naum and Inna Meiman, Soviet Jews who want desperately to leave the Soviet Union.

The Meimans are a warm, compassionate couple, who have done nothing which is illegal under Soviet law, yet they are treated like criminals. In the past, Naum's phone has been cut off, and almost all his mail continues to be confiscated. He has been kept from pursuing his profession as a scientist, and has been isolated from the scientific community. Inna has been subjected to inhumane treatment. She has had to endure four painful operations to remove cancerous growths on her spine. Modern, more sophisticated medical treatment is available in the West which could help Inna's condition. However, the Soviets continue to refuse to allow her to travel to the countries which offer this advanced treatment. The Meimans deserve to live the rest of their lives as comfortably and peacefully as possible.

I implore the officials in the Soviet Union to let the Meimans emigrate to Israel.●

THE ENDURING MYSTERY OF MIDDLETON PLACE

● Mr. HOLLINGS. Mr. President, the April 1986 issue of Historic Preservation, the monthly magazine of the National Trust for Historic Preservation, features an excellent article by Charles Fenyvesi entitled, "The Enduring Mystery of Middleton Place." This beautiful Charleston plantation, along the Ashley River, was laid out in 1741 and, as Mr. Fenyvesi notes, "Quickly earned a reputation on both sides of the Atlantic as the premier garden of the 13 colonies." The core of the Middleton estate has never been deeded out of the family that founded it 10 generations ago.

Let me remind the Senate of the Middletons of South Carolina. The founder of the Middleton Place, Henry Middleton, was President of the first Continental Congress. His son Arthur signed the Declaration of Independence. Two generations later, Williams Middleton signed the Ordinance of Secession, and then fled the plantation as General Sherman's troops advanced and destroyed most of the great house of the estate. Later, Judge Henry Augustus Middleton Smith resolved the Middleton Place would not be sold when many of the surrounding large holdings were broken up.

Charles Duell took over Middleton Place in 1969 and has continued the restoration started in 1925 by his grandparents, Mr. and Mrs. J.J. Pringle Smith. Over the last 17 years he has further restored the house, rebuilt the gardens to their original specifications, and the stableyards are now alive with farm animals and authentic farm implements of a South Carolina rice plantation. We are all indebted to Charles Duell for his uncompromising efforts in maintaining a meticulous, balanced, and systematic program of reclaiming Middleton's glory that attracted more than 100,000 visitors in 1985.

Mr. President, I wish my colleagues could see the lovely pictures that accompany this fine article about a South Carolina treasure. Mr. Fenyvesi's text paints vivid pictures in our mind as he describes the plantation, and I ask that the article be printed in the RECORD for the information and enjoyment of my colleagues.

The article follows:

THE ENDURING MYSTERY OF MIDDLETON PLACE

AT THIS ANCESTRAL CHARLESTON PLANTATION, CHARLES DUELL UPHOLDS AN UNBROKEN TRADITION OF STEWARDSHIP

(By Charles Fenyvesi)

By all the rules of financial wisdom, the North American continent's first great French-style formal garden should have been wiped off South Carolina's map long ago.

The elaborately geometrical garden of the Charleston plantation known as Middleton Place was laid out in 1741, when George Washington was 9 years old, and it quickly earned a reputation on both sides of the Atlantic as the premier garden of the 13 colonies.

But the garden became an anachronism after the Civil War. Without slaves to do the tedious work of planting and harvesting rice, the vast Ashley River plantation was no longer profitable, and its owners could not afford such extravagances as maintaining a formal garden on close to a hundred acres. Furthermore, fires set by General Sherman's troops had destroyed most of the great manse that presided over the estate.

Over the next several decades, many southern planters in similar predicaments sold old family properties, some of them to Yankee industrialists. Amazingly, however, the core of the Middleton estate has never been deeded out of the family that founded it 10 generations ago, in the 1690s. And the garden, though at times neglected and often out of fashion, escaped the bulldozers of progress.

When Charles Duell took over Middleton Place in 1969, some of his friends and business associates suggested he sell what had by then become a choice suburban location. One counseled that, given his business expertise, he himself ought to turn his unproductive ancestral domain into a goldmine of a housing development. Another suggested he build a prestigious residential community with the famous garden as an inviting centerpiece. One early offer he declined was $7.5 million for 700 of the 6,545 acres he inherited. Indeed, more than one of his neighbors along historic Ashley River Road had turned acreage into housing—causing great concern among preservationists and planners alike.

Instead, Duell, then 31, took up where his maternal grandparents had left off in renovating the garden and the buildings, beginning a meticulously balanced, systematic program of reclaiming the glory that was Middleton.

"We were land poor then, and we are still land poor," he says. "Most of our wealth is in land. We have to keep borrowing and begging. We have to be careful how we spend our funds."

He shrugs when asked if it had ever occurred to him to listen to the siren song of real estate profits. "It sounds corny," he says, "but I have a strong sense of history, which I think is essential to our psyche, to a happy way of life, because it provides a continuum instead of a vacuum. We mustn't lose where we are coming from. I don't want any aspect of Middleton Place to lie fallow. We should let the various parts of the Middleton story unfold. I believe in the idea of

stewardship—and I am now the steward of Middleton Place."

His role models were both numerous and illustrious. Founder Henry Middleton served as royal commissioner of Indian Affairs and became president of the first Continental Congress. His son Arthur signed the Declaration of Independence. Two generations later, Williams Middleton signed the Ordinance of Secession and had to flee Middleton Place in the face of the Union Army, which sacked and burned his plantation in 1865.

Soft-spoken, reticent and almost shy, Duell is an activist rather than a promoter—an "American squire," one writer called him. He is that, with appropriate interests in riding, foxhunting, French civilization and the pursuit of excellence.

At 47 he is slender, handsome and athletic, and the image of a successful businessman. He serves on the executive boards of a number of corporations and nonprofit organizations includng the National Trust. Although he is very much a businessman, he identifies his occupation as "historic preservation."

His speech has just a suggestion of a South Carolina drawl, which he acquired during the summers he spent with his grandparents at Middleton Place and through his residence in the state for the past 20 years. He was born in New York, where his father had been in publishing. His mother, Josephine Smith, was the belle of Middleton Place when she met C. Halliwell Duell, then touring with the Yale Glee Club.

Charles Duell, too, was educated at Yale, where he majored in English. After a tour around the world and two years of studying history and international law in Paris, he embarked on a career in banking, estate planning and investment. He earned his stripes at Morgan Guaranty Trust in New York City.

He says that the decision to hold on to Middleton no matter what was made by his great-grandfather, Henry Augustus Middleton Smith—a Greek and biblical scholar and a federal judge. "He was my hero, though I didn't know him," says Duell. "He was a 19th-century character, a vast landowner, a historian, a distinguished federal judge and a man of vision."

Restoration of the garden and the southern flank of the great house—all that remained after Sherman's visit—began under Judge Smith's son, J. J. Pringle Smith, and his Virginia-born wife, Heningham Lyons Ellett. In 1924 the young couple moved from a Charleston townhouse to Middleton Place, which was then in disrepair and virtually out in the wilderness. The house had no electricity, no telephone. There was no mail delivery, and the dirt roads were often impassable. The garden was in a pitiful state of neglect. Acres of honeysuckle had to be rooted out, and the prunings from the overgrown ornamental shrubbery amounted to a forest. The Smiths replaced some of the shrubs, reseeded the lawns and rebuilt the artificial ponds.

"My grandparents did a lot," says Duell, "particularly my grandmother. By occupational necessity, she was a pruner. We live in a climate where you are required to be a pruner, and you get more experience cutting vegetation than in planting it."

After his grandparents died, Duell's first move was to keep improving the garden, open to the public since the 1930s. Visitors were impressed with the spectacular views of the river and the ponds, and they enjoyed looking at the gardens built at various levels. The allees of magnolia, camellia and crepe myrtle were irresistible. Even without the circles, triangles and rectangles outlined in the tourist brochures, visitors could sense the grand design which united all the elements.

But there was plenty of work left for Duell. The house needed more repairs. In the garden a good number of the original pathways had to be found, cleared and sometimes rebuilt. Planting several of the self-contained gardens had yet to be completed.

Duell recalls the disappointed faces of visitors walking to the garden through the empty stableyards. There were no farm animals and no farm implements. What had once been the kitchen garden was now a weed patch.

Duell consulted with scholars to identify the authentic elements of a South Carolina rice plantation. He began collecting old ploughs and flails, carpenter's hand tools and blacksmith equipment, carriages once pulled by horses and mules, and cypress dugouts used in paddling through rice fields and marshes.

Now, two decades later, the stableyards are alive with sheep, goats chickens, ducks, pigs, horses and cows. Whenever possible, they are authentic. The cattle for instance, are Devons and Jerseys. The shortlegged Devons were the first breed imported from England; the Jerseys came a little later to improve the milk.

The sheds are now filled with preindustrial agricultural implements found in or around various buildings of the estate, bought at auctions or borrowed from museums.

Studying old farm textbooks, Duell came to realize "the incredible number of things made on the plantation—like nails, hinges, candles, cloth." He decided to recruit craftspeople—a weaver, blacksmith, cooper, carpenter and potter—to make use of the tools and to give craft demonstrations in the sheds of the stableyards. They agreed to work with pre-industrial material and technology—without electricity and without synthetics.

"We don't miss electric motors or plastic pails," said Kurt Krucke, manager of the stableyards. "I wish we could be even more self-sufficient." Weaver-in-residence Holly Retter calls the plantation "a refuge for craft people."

In 1983 Duell deeded over the garden and the buildings—110 acres—to a not-for-profit charitable institution he created, called Middleton Place Foundation. He is president and general manager.

The foundation has been instrumental in retrieving a large number of original artifacts from Middleton descendants throughout the country, such as a pierced cake basket of silver, made in 1810, and a pair of mahogany side chairs. Duell takes great pride in the fact that today 95 percent of the objects exhibited in the old manor—furniture and china, books, paintings, etchings, letters and clothing—are original family possessions.

The donations are tax-deductible, and every year brings more of them. Antique dealers from as far as Baltimore and New Orleans are on the lookout for Middleton pieces—anything with the Middleton coat-of-arms—any letter or note written by a Middleton. "We keep finding things," Duell says. "The search is like looking for pieces of a puzzle."

He has been able to track down more than 400 Middleton descendants, now living throughout the country, and 300 of them are foundation members.

Restoring the garden posed the biggest and most complex puzzle of all for Duell. Should he be faithful to the original 18th-century grand design of French formality and throw out new plantings and design changes made in the 19th century? Should he dilute the pure classicism of Louis XIV's century with the romanticism of Queen Victoria's time or with the informality of American plantings? Should he seek to cater to our contemporary sensibility? Or, going a step further, should he not restyle the garden to suit his own preferences?

Of all the building arts, gardens are the most open to change. Every spring brings planting fever, and it is no plagiarism to adopt a neighbor's way of massing daffodils and squills, or arranging epimediums and hostas. Gardening invites imitation. There is nothing sacred or even permanent about the shape or the location of a flowerbed, and there are no gardening rules that can't be guiltlessly violated.

Gardeners question whether a garden ever needs to be kept as unchanging, as static as a museum. Gardens are displays of what is the best and the latest in plant breeding, and it seems strange—almost unnatural—to limit one's choices to one historical period. Why did the Middleton gardens never change?

No one knows the answer, but it never occurred to Duell to update the garden of his ancestors.

In most cases, he loyally returned to what he acknowledges as "the stilted formality of 18th-century France." And he cheerfully accepted what he calls "the almost reactionary love for the geometric form." He has removed much 19th-century plant material, particularly azaleas, replacing them with what was in vogue in the 18th century.

In the rose garden his goal was to concentrate on varieties popular in the 18th century. No modern hybrids grow there, and the result is a fragrant garden—an evocation of the perfumed South.

In a similar vein, the flowers planted—tulips, marigolds, ageratum, periwinkle and begonia—are in masses of either white or blue or yellow. There are no mixed borders—the hallmark of a contemporary garden.

On the other hand. Duell left intact an entire hillside of azaleas, in shades of pink and red, planted in the 19th and 20th centuries. There is no pat answer to the question whether to restore to one point in time or to reflect the entire evolution of a place." he says. "At one time people thought that we must restore everything as it was at one particular time. Then the pendulum swung to the view that you have to preserve the total evolution.

"We looked at the soul of the property and found that broad period that mattered most. The house didn't just serve one generation but enjoyed an evolution.

"But I can also envisage the opposite: a house that screams for the period in which it was built. If people try to follow one rule, they can lose the guts of a place."

Duell's ultimate goal is "to unfold all aspects of the story of a self-sustaining economy and a unique way of life." Still on the drawing board are plans to demonstrate how rice was cultivated and harvested, but he is undecided about rebuilding the great house.

Duell feels the need for more research and more financial preparation. This past year the foundation hired an ornithologist

to survey the wildlife, as well as a nationally known chef, Edna Lewis, to prepare authentic early American dishes at the restaurant next to the stableyards. The foundation's budget has grown to $1 million, generated from admission charges and private donations. In 1985 there were more than 100,000 visitors.

Colonial Williamburg is the closet thing to a model Duell has had in mind. But perhaps more critical is the negative model: to avoid creating a Disneyland.

"We have no petting zoo and no period costumes," says spokeswoman Rosemary Hertel. "Nobody here is playing Scarlett O'Hara."

Duell disregarded the advice of some of his preservationist friends in building a thoroughly contemporary 55-room inn on his property, a stone's throw away from the 110-acre historical core he donated to the foundation. Overlooking the river, the inn consists of four clusters of guest rooms, a lodge and a conference center. The boxy style features plenty of decorative flourishes, lots of concrete, but combined almost playfully with Italian marble. The interiors are of oak, cypress and pine.

Duell opted for modern design instead of Jacobean or Georgian styles because Middleton "cried out for the best of the 20th century." A winding path connects the inn to the garden; the transition from the 20th to the 18th century is pleasant, with the timeless river in constant view.

Duell says that while he does not intend to make a financial killing, he does want to earn enough money to pay his taxes and to help keep up the foundation. The inn is a money maker, and the plans to build "a small neighborhood of well-built houses" in another part of his estate. There are still more than 6,000 acres left—land now even more desirable than it was 20 years ago.

The homesites, ranging from an acre to 2½ acres, are not visible from the historic core of the property and are priced between $75,000 and $100,000. The density is one house for every six acres. Architectural guidelines call for simple design and colors that blend with the surrounding woods, and all plans must be approved by an architectural review board. No more than five sites are scheduled to be sold in a year for the next five years.

And so, gently, Charles Duell is adding his own imprint to Middleton Place. But the sprawling ancestral home remains essentially intact, and still full of mystery.

Why would a plantation owner spend vast sums of money to carve out of the South Carolina wilderness an exquisitely formal French garden? Then, one wonders, why didn't the founder's 19th-century descendants follow fashion in replacing the relentlessly symmetrical 18th-century design with the so-called natural landscape advocated by Capability Brown and other English landscapers? Finally, why did the family so stubbornly refuse for so many years to sell or develop the land?

Surely such questions confronted every generation at Middleton. The answers may be lost forever, yet the tradition lives on.

Getting There: Middleton Place and the Middleton Inn are located 14 miles northwest of Charleston, S.C., on Scenic Highway 61. The gardens are open every day from 9 to 5. For information call (803) 556-6020.

(Charles Fenyvesi is a writer with U.S. News and World Report. His gardening column appears weekly in the Washington Post.) ●

CONGRESSIONAL CALL TO CONSCIENCE

● Mr. KERRY. Mr. President, I am surely not the only one of my colleagues who was deeply moved by the Soviet Union's release of prisoner of conscience Anatoly Shcharansky. When Mr. Shcharansky walked across the Kleinicke Bridge last month, he breathed freedom after suffering for 3 years in prison and 5 years in a labor camp.

While Anatoly's step to freedom was a giant one, it represented only a small step forward for Soviet Jewry as a whole: Some 20,000 refuseniks have yet to take that precious walk across the Kleinicke Bridge. Their lives in the Soviet Union continue to be filled with harassment, isolation, loss of employment and inability to practice freely the laws and customs of the Jewish religion.

Rather than viewing Mr. Shcharansky's release as the ultimate triumph for the Soviet Jewry movement, we must mark the beginning of our renewed struggle on behalf of all prisoners of conscience. In the words of my friend and colleague, Prof. Alan Dershowitz, who was Shcharansky's American attorney, "We must take no more than one moment to celebrate and then get back to the struggle."

I rise today to call attention to the tragic plight of the Latinsky family. Iosif and Olga Latinsky, and their 10-year-old daughter Anna, have applied for and been denied exit visas numerous times since 1979. Their crime? The Latinsky family wants to exercise two rights guaranteed them by the Helsinki accords: The right to practice freely their religion and the right to emigrate to the country of their choice.

As a result of the Latinskys' application to emigrate, Iosef was fired from his job as an illustrator of children's books. Olga lost her job as a high school mathematics teacher, and was forced to take another one which pays only 100 rubles a month. After appealing their case before Soviet officials, the Latinskys received typical refusenik treatment: their telephone was cut off; they are continually harassed, and subject to intense scrutiny.

I ask you Mr. President, how can the Soviet Union oppress their citizens like this, and continue to claim that the treatment of Soviet Jewry is an "internal matter"? I join with my colleagues in claiming that we will continue to condemn these intolerable conditions until our voices are not only heard, but heeded, in the Soviet Union.

My letters may go unanswered and my requests may be denied. But as long as families such as the Latinskys continue to be denied their basic human rights, I will not cease to struggle on their behalf.

So long as the Soviet Union cannot provide its own people with the human rights they are entitled to, there will continue to be many people in that land who wish to emigrate and are kept there solely by government restrictions and repression.

It is our mutual responsibility to work for the day when all men and women will be free to live where they wish, and as they wish, to worship how they wish, under a government that they have chosen.

Until the day they are free, let us not forget the Latinskys.●

CONTROLLING ACID RAIN

● Mr. D'AMATO. Mr. President, I rise today in support of S. 2203, legislation to control acid rain. I commend my distinguished colleague, Senator STAFFORD, chairman of the Committee on Environment and Public Works, for his leadership on this issue.

I am also a cosponsor of two other acid rain bills, S. 52 and S. 283. Both of these would require a ten-million-ton per year reduction in sulfur dioxide emissions. As I have stated on several occasions, I am willing to support any reasonable proposal to address the acid rain problem. It is an urgent problem which demands immediate attention.

S. 2203 is stronger than previous acid rain proposals in several respects. In the past, attention has been focused specifically on sulfur dioxide. Although recent research on this issue has made the case against sulfur dioxide even more convincing, it has implicated other airborne chemicals as well. Therefore, I am pleased that S. 2203 proposes reductions in not only sulfur dioxide, but also oxides of nitrogen, ozone, hydrocarbons, and carbon monoxide.

I am also pleased that S. 2203 expands our focus. Acid rain is a growing concern in the State of New York, not only for its detrimental effects on aquatic chemistry and life, but also for the increasing appearance of problems with our forests, crops, and even our drinking water.

As I regularly visit the beautiful Adirondack region, I have been particularly concerned over the damage in that area. As a rule, the Adirondack lakes do not have enough natural buffering capacity to neutralize the detrimental effects of acid rain. The combined effect of the damage to the forests and the loss of sport fisheries has cost the region millions of dollars in lost tourism.

Although scientists speak in cautious words, it is clear that acid rain is a disaster. It has even scarred the Statue of Liberty.

Mr. President, I do not believe, as some would propose, that we should simply study this problem over and over before taking action. Without prompt action, this problem will grow.

A lake can take only so much acid; after a point, it loses its fish and plant life forever. Some of our lakes have passed that point; others are drawing dangerously close. Once acid rain has laid waste a forest, it takes decades for the trees to grow back.

Worse yet, acid rain may do harm we are only starting to understand. If enough acid gets into a reservoir, it might release aluminum and mercury from the bottom, with serious implications for our drinking water supplies. Also, acid might leak lead from the pipes in water delivery systems. The health effects are still unknown, but the possibilities are disturbing.

I know that the Environmental Protection Agency has made a commitment this year to place a priority on acid rain research. With all due respect to Mr. Thomas, I would like to point out that we already have technology to address this problem. We could take immediate steps. We know about scrubbers. We know about low-sulfur coal. We know that 25 percent of all cars now being sold in the United States already contain state-of-the-art emissions controls. We could begin our improvement right now.

The citizens of New York are extremely concerned about acid rain. The overwhelming majority of New Yorkers who have contacted me on this issue have indicated that they support strong acid rain legislation—even if it means slightly higher utility bills. I think we all understand the cost. There is the possibility that S. 2203 may result in higher prices for new cars. We understand that. But the cost of ignoring the problem will be greater, and the losses may be irreplaceable.

New Yorkers agree. They do not want to see Congress delay action through more hearings. They do not want to see Congress delay action through more discussions. They do not want to see us authorize more studies which do nothing to actually accomplish a reduction in emissions. They want a solid, strong acid rain control program, and they want it now.●

MANAGING THE ECONOMY

● Mr. BIDEN. Mr. President, it is important that we in the Senate remind ourselves from time to time how little anyone understands what makes the economy work. Our failures to foresee or influence a variety of economic events over the past 10 years, and more, make this most evident. From the stagflation of the 1970's, to the trade deficits today, we have experienced a wide variety of unexpected economic events.

This problem was examined in a March 12 article in the Washington Post by Robert J. Samuelson, entitled "The Interest-Rate Mystery." As he said in that article:

Our mastery of business cycles or changes in specific industries is illusory. Economic policies are blunt instruments that, in a complex economy, have unintended side effects.

Congress has much to do to put sound, basic economic policies in place. We must take positive action to reduce budget deficits. We must adopt a real tax reform bill, which will lessen government interference in private markets. We must adopt sound trade policies.

We may disagree on precisely how to accomplish these goals. But if we refuse to be diverted into quick fixes—short term efforts to bolster some segment of our economy—we should be able to make good progress in setting fundamental policies that will guide us toward a healthy, growing economy.

Mr. President, I ask that the entire article appear in the RECORD at this point.

The article follows:

[From the Washington Post, Mar. 12, 1986]

THE INTEREST-RATE MYSTERY

(By Robert J. Samuelson)

For economic wallop, what compares with collapsing oil prices? Well, declining long-term interest rates. Since early 1985, they've dropped roughly 3 percentage points. Lower rates have ignited the stock market, stimulated housing construction and favored business investment. If the economy is improving—and February's rise in the unemployment rate to 7.3 percent and still leaves some doubt—lower interest rates are a main reason.

What happened? No one really knows. With hindsight, it's easy to say that lower long-term rates reflect lower inflation. And they do. But this broad generalization slides over the reality that the sharp drop in interest rates was neither predicted nor, in any direct way, caused by the Federal Reserve, Congress or the White House. As recently as last October, a group of 50 economists forecast an average 1986 rate of 11.2 percent on high-quality corporate bonds; by March, the rate was 9 percent.

The basic lesson is how little we understand and control the economy. Sound economic policies—an efficient tax system, a balanced budget, stable prices—can promote confidence and long-term economic growth. But our mastery of business cycles or changes in specific industries is illusory. Economic policies are blunt instruments that, in a complex economy, have unintended side effects. Looking back, the 1980s have been full of surprises. No one foresaw the severity of the 1981-82 recession, inflation's steep decline or huge trade deficits.

For all their importance, interest rates remain a subject of immense confusion and mystery. The idea that high rates resulted from big government deficits now seems, at best, an oversimplification. The general notion that long-term rates represent expected inflation plus some "real" return to investors has obvious appeal. But, in practice, it provides a poor guide for prediction. "Expectations" are an elusive concept, and there's no evidence that the "real" return stays constant.

HOW LITTLE WE UNDERSTAND AND CONTROL THE ECONOMY

The striking aspect of the current decline is that long-term interest rates have dropped far more than short-term rates. Compared with the 3-percentage-point drop of long-term Treasury bonds, rates on short-term Treasury bills have declined roughly 1 percentage point. Other interest rates have followed this pattern—though often with a delay—so that average rates of fixed-rate conventional mortgages fell from 12.3 percent in January 1985 to 10.7 percent in February 1986. In some areas, they are now below 10 percent.

The implication is that the Federal Reserve has played a secondary role so far in lowering rates. Its direct influence is concentrated on short-term rates. For example, the Fed lends to banks (which makes mostly short-term loans) at the so-called discount rate. In May 1985, the discount rate was lowered from 8 to 7.5 percent. The next cut—to 7 percent last Friday—followed the decline of long-term rates. At most, the Fed's influence over short-term rates might explain one-third of the reduction of long rates.

And the rest?

One popular theory is that dropping oil prices and lower prospective budget deficits have improved investors' expectations of inflation and future interest rates. This makes sense but, examined closely, is not totally convincing. For starters, about half the decline in long-term rates had occurred by last November—before the steep fall in oil prices or the passage of the Gramm-Rudman balanced-budget law. In addition, there's been conflicting economic news. A depreciating dollar (which makes imports more expensive) darkens the inflation outlook; and one court already has ruled Gramm-Rudman unconstitutional.

Nor is it clear how much expectations have changed. Consider a regular survey of 462 financial professionals by Richard Hoey of the brokerage firm of Drexel Burnham Lambert. In January 1985, the respondent forecast average inflation of 5.2 percent over the next decade. Last month, the forecast for the decade still exceeded 5 percent, even though the inflation forecast for 1986 had declined. Likewise, the forecast in June 1985 for the fiscal 1990 budget deficit was $166 billion; last month, the estimate was $142 billion. These are not startling changes.

To be sure, it's possible to quibble over details. Since last month's survey, oil prices have declined further. (The respondents predicted an average of $19 a barrel for 1986; by early March, some "spot" prices had dropped to $12.) And of course, the survey may not reflect broad investor expectations. But that's the point. The economy is not a finely calibrated machine, but the result of millions of individual decisions. Crowd psychology influences interest rates just as it does the stock market. If people think rates are going down, they will—at least temporarily.

Small investors have flocked into bonds, raising their prices and reducing their interest rates. Last year, sales of bond mutual funds increased more than $70 billion. In January, the figure was $8.7 billion, or an annual rate exceeding $100 billion, according to economist Edward Yardeni of Prudential-Bache Securities. As high-yielding bank certificates of deposit matured and could be replaced only at much lower interest rates, investors switched to bonds. "This tremendous demand for bonds by 'mom and pop' explains why so many professional money managers, technicians and economists have been flabbergasted" by the bond market, Yardeni argues.

No one doubts the importance of interest rates. Kept too low, they encourage inflation by promoting excessive borrowing. Kept too high, they kill investment and economic growth. For the moment, lower rates promise to be a tonic. In January, housing starts (at an annual rate) exceeded 2 million, the highest monthly level since February 1984. Two recent surveys show that businesses have raised their investment plans since last fall. The stimulus may be needed; the higher unemployment rate and lackluster retail sales indicate some economic weakness.

But our ignorance is unsettling. In the end, lower rates may be a delayed reaction to lower inflation. But who knows? We do not know what is precisely the "right" level of interest rates—low enough to promote healthy expansion, but high enough to contain inflation. Even as lower rates help the economy today, could they be laying the ground for higher inflation tomorrow?

THE YIELD CURVE

Long term interest rates have declined more than short-term rates. The table compares rates on three-month Treasury bills with those on 10-year Treasury bonds. Other long-term rates change (usually with a delay) in parallel with these bond rates. The third column shows that the difference (in percentage points) between the short and long rates has narrowed. Economists refer to the difference between long-term and short-term rates ("yields") as the "yield curve."

	3-month T-bill rate (percent)	10-year T-Bond rate (percent)	Difference
January 1985	8.03	11.38	+3.35
November 1985	7.44	9.78	+2.34
March 10	6.75	7.77	+1.02

Sources: Joint Economic Committee, Council of Economic Advisers.

FAIR HOUSING MONTH

● Mr. D'AMATO. Mr. President, I rise today to join as a cosponsor of Senate Joint Resolution 303, which designates the month of April as "Fair Housing Month." Fair housing is something we should be concerned about, not just during the month of April, but throughout the year as well.

The promise of decent shelter has been an enduring dream for all Americans, but unfortunately the reality is sometimes otherwise. The Fair Housing Act protects the right of free choice in the housing market. It prohibits housing discrimination on the basis of race, color, religion, sex, or national origin. Housing discrimination must not, and will not, be tolerated.

A continuing commitment to this principle that we promote the intention of the Fair Housing Act—title VIII of the Civil Rights Act of 1968. Therefore, I urge my colleagues to join me in support of Senate Joint Resolution 303 which exemplifies the intent of the Fair Housing Act and shows a continuing commitment to the elimination of housing discrimination during the month of April and beyond.●

ORDERS FOR WEDNESDAY

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. HELMS. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9:30 a.m. on Wednesday, March 26, 1986.

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

RECOGNITION OF CERTAIN SENATORS

Mr. HELMS. Mr. President, I ask unanimous consent that following the recognition of the two leaders under the standing order on tomorrow, there be special orders in favor of the following Senators for not to exceed 5 minutes: Mr. DOMENICI, Mr. CRANSTON, Mrs. HAWKINS, Mr. PROXMIRE, and Mr. MURKOWSKI.

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

ROUTINE MORNING BUSINESS TOMORROW

Mr. HELMS. Mr. President, following the special orders just identified, I ask unanimous consent that there be a period for the transaction of routine morning business, not to extend beyond 10 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. HELMS. Mr. President, at the conclusion of routine morning business on tomorrow, the Senate could turn to the consideration of S. 1567, Water Resources, and complete action, if possible.

Also, the Senate will turn to the consideration of Senate Joint Resolution 283, the Contra resolution.

The Senate can expect rollcall votes throughout the day, and will likely continue late into the evening.

TECHNICAL CORRECTIONS TO THE RECONCILIATION BILL

Mr. BYRD. Mr. President, the enrolling resolution House Concurrent Resolution 305, making technical corrections to the reconciliation bill, has been cleared for action on this side of the aisle.

I hope that this resolution will clear the Senate. I just want the record to show that we are prepared to proceed tonight on House Concurrent Resolution 305 on this side.

Mr. DOLE. Mr. President, I thank the distinguished minority leader. I share his view, and I indicate for the record that there is one minor problem—we hope it is minor—on this side of the aisle. We hope to have it cleared by tomorrow morning; and perhaps even before turning to any legislation tomorrow, we can pass this, because it is needed to get the resolution bill signed by the President.

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

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. DOLE. Mr. President, there being no further business to come before the Senate, I move that the Senate stand in recess until 9:30 a.m. tomorrow.

The motion was agreed to, and at 6:55 p.m., the Senate recessed until tomorrow, Wednesday, March 26, 1986, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate March 25, 1986:

DEPARTMENT OF ENERGY

Marshall A. Staunton, of California, to be Administrator of the Economic Regulatory Administration, vice Rayburn D. Hanzlik, resigned.