simulation system for such things as electronic training systems for commercial trucking companies. Illusion Inc., a small contractor in Westlake Village, is now taking ''virtual reality'' technology, developed for designing aircraft and military training exercises, into such diverse venues as museums and movie special effects. In each of the past three years, Illusion Inc. has doubled its revenues and expects to expand to 50 employees by 1997, up from its current 20. ''The future for companies like ours,'' said Peter Beale, Illusion Inc.'s chairman, ''is to combine the creative vision of Hollywood with the engineering vision of the defense industry.''

Such new uses for military technology and talents could also prove critical in providing the Southland economy with an important new source of high-wage jobs that lessen its current dependence on the volatile film industry or the always uncertain course of foreign trade. As Southern California begins to harvest the overlooked fruits of its rich defense industry heritage, it may enjoy the broad, diversified economic recovery that many thought could never happen here again.

ENDING STUDENT SUBSIDIES

HON. JOHN J. DUNCAN, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, July 22, 1996

Mr. DUNCAN. Mr. Speaker, I recently received a copy of an article that was written by Ross Booher and Kevin W. Jones entitled, ''Ending Student Subsidies''. One young man is currently attending the University of Tennessee Law School, and the other is just entering. Both Ross and Kevin are not only excellent students, but they are citizens who I am certain will contribute greatly to our society and its future.

I request that a copy of this article, ''Ending Student Subsidies'' be placed in the RECORD at this point, so I can call it to the attention of my colleagues and other readers of the RECORD.

[From the Chronicle of Higher Education, Nov. 24, 1995]

ENDING STUDENT SUBSIDIES

(By Ross I. Booher and Kevin W. Jones)

Although college lobbyists apparently have persuaded Congress to abandon plans to eliminate the federal interest subsidy on guaranteed student loans this year, lawmakers are likely to scrutinize the program again in the future as they search for ways to cut wasteful government spending. We urge them to do so. Even though we are students who currently enjoy the benefits of this taxpayer largess, we believe that the interest subsidy should be dropped, American taxpayers spend almost $2.5-billion a year for interest on guaranteed loans while the borrowers are students and for six months after they graduate. The borrowers never repay any of this interest.

We believe that this subsidy amounts to a taxpayer-financed gift to people who neither need it nor deserve it. Eliminating the subsidy would not make student loans or a college education less available, because the loans themselves still could be obtained. Further, the maximum amount that could be borrowed would remain the same; students would not pay any interest while they were in school; and they would continue to have a six-month grace period after graduation before the began repayment. The only change we suggest is that once students begin repayment, they pay all the interest that has accrued. The interest should be added to the student's debt, not to the national debt.

We believe that students, and everyone else, would be better served by a stronger economy. We are willing to ''sacrifice,'' not out of altruism, but because we and everyone else will benefit from a national economy not bogged down by federal debt. According to the U.S. Treasury Department's latest estimates, the federal government is nearly $5-trillion in debt. Unless we cut all but the most-essential spending the interest on the national debt alone will soon consume almost all federal tax revenue. This scenario augurs ill for the schooled and unschooled alike? All federally financed programs would be endangered.

Many who oppose ending the subsidy fear that, without it, students from lower-and even middle-income backgrounds will be unable to afford higher education. This fear is unfounded. Students who are willing to borrow money to pay for college still would be able to do so, but, as the people who benefit from the loan (and the education), they simply would have more to repay after graduation. Isn't it reasonable for the recipient of education to have to pay for it, particularly when the financial rewards of college continue to far outweigh the costs?

The U.S. Department of Education calculates that eliminating the federal interest subsidy would increase the loan repayment of an undergraduate student who chooses to borrow the maximum amount available during his or her undergraduate year by about $69 per month during the standard 10-year repayment period. Even this, the highest possible increase, would easily fit into the budget of most college graduates—who, according to the most recent census data available, earn $1,039 per month more than the average high-school graduate. The vast majority of undergraduates, however, borrow far less than the maximum loan amount, and thus the increases in their payments would be smaller.

What about more-expensive graduate and professional degrees, such as those in medicine and law? Will students be able to afford them without the interest subsidy? Again, the answer is yes, The Department of Education calculates that eliminating the interest subsidy would increase the payments of the average student who receives Ph.D., and who chooses to borrow the maximum amount available, by about $382 per month during the standard 10-year repayment period. This is a great deal of money, but, according to the U.S. Census Bureau, the average Ph.D. recipient earns $3,853 per month and the average recipient of a professional degree earns $4,961 per month. The comparable figures for people with a bachelor's degree and people with a high-school diploma are $2,116 and $1,077, respectively.

Looking at the big picture, those who borrow the maximum among of $138,500 to obtain a doctoral degree enable themselves to earn an average of $1.4-million more during their lifetime than the average high-school graduate. Recipients of a professional degree in fields such as law and medicine earn, on average, a staggering $2.2-million more than the average high-school graduate.

Organizations lobbying to preserve the interest subsidy, such as the American Medical Student Association and the Student Osteopathic Medical Association, point out that, in the years immediately following graduation, many people who earn a graduate or professional degree earn very little relative to the amount of debt they have incurred. According to the A.M.S.A., medical doctors can earn an average of about $2,500 per month during residency training. The A.M.S.A. currently argues that it is difficult to make payments on a $100,000-plus student loan with such a salary.

For this very reason, the government provides the option of temporarily or permanently making payments on a 30-year repayment schedule. This method dramatically lowers monthly payments, by spreading them out over a longer period. When borrowers complete their postgraduate training and begin to realize the financial rewards of their education investment, they may choose to return to the standard 10-year repayment schedule, thus lowering the total interest they will pay. We believe that this option makes eliminating the subsidy relatively painless, even for those whose earnings are not very high immediately after they receive their advanced degree.

Some supporters of the interest subsidy point out that not all jobs requiring a college education pay the Census Bureau's ''average salary.' Wouldn't losing the interest subsidy hurt students who choose to incur student-loan debts and then enter occupations that pay very little? Again, provisions already are in place to address that concern. First, most students now begin repaying their loans six months after they graduate, but longer deferments are granted for a variety of reasons—including unemployment, a return to full- or half-time student status, acceptance of an academic fellowship, and economic hardship. Further, if graduate serve in a public-service position (for instance, as a nurse, public-school teacher, member of the armed forces, or peace Corps or Vista volunteer), their loans may be partially or completely paid by taxpayers—who receive obvious benefits from the graduates' service.

What about students who borrow because they want to attend an expensive private college or university, but then decide to enter a low-paying field not included in the public-service category above? Such students may find that, in a world of limited resources, they cannot always have everything they want: They may have to choose between pursuing a low-paying career and attending an expensive college.

Of course, they may decide that they want to do both badly enough to be willing to take out student loans and accept a 30-year repayment schedule and a lower standard of living. If that is their choice, it should be their responsibility to cope with the consequences, not that of the American taxpayer.

MOLLIE BEATTIE WILDERNESS AREA ACT

SPEECH OF

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 16, 1996

Mr. FORBES. Mr. Speaker, on June 27, 1996, we lost Mollie Beattie, a friend and an ally, to a battle with brain cancer. Head of the U.S. Fish and Wildlife Service [USFWS], Mollie worked diligently to preserve our ecosystem and protect it for the future of our Nation. As the first woman to head the USFWS, she worked wonders shrinking budgets while still expanding the Federal refuge system.

A philosophy major at Marymount College in Tarrytown, N.Y. Mollie later found herself involved in an Outward Bound course, through which she rediscovered her love for nature, which led her to a career as an environmental official. Her philosophy on the environment