SENATE — *Wednesday, November 19, 1980*

(Legislative day of Thursday, June 12, 1980)

The Senate met at 10:30 a.m., on the expiration of the recess, and was called to order by Hon. DONALD W. STEWART, a Senator from the State of Alabama.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Our Father-God, teach us how to pray and to pray without ceasing. Show us how to worship while we work and to be so in tune with Thy spirit that we may be quick to discern whether the promptings of the spirit be of God. Grant to us at work in this place a quiet mind, a serene soul, a resolute faith, that upholding what is right, and following what is true, we may obey Thy holy will and fulfill Thy divine purpose.

We commend to Thy care and guidance our President and the leaders of all nations, beseeching Thee to guide them in the ways of justice and peace, for Thy name's sake. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., November 19, 1980.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable DONALD STEWART, a Senator from the State of Alabama, to perform the duties of the Chair.

WARREN G. MAGNUSON,
President pro tempore.

Mr. STEWART thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

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

Mr. ROBERT C. BYRD. I yield to the Senator from New York.

THE JOURNAL

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

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

STATUS OF RAOUL WALLENBERG

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. CHURCH and Mr. MOYNIHAN, I ask unanimous consent that the Committee on Foreign Relations be discharged from further consideration of House Concurrent Resolution 434, and that the Senate proceed to its immediate consideration.

Mr. BAKER. Mr. President, reserving the right to object—and I will not—the purpose of the reservation is to advise the majority leader that the procedure suggested by him has been cleared on this side, and we concur in his request.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will state the resolution by title.

The assistant legislative clerk read as follows:

A concurrent resolution (H. Con. Res. 434) to honor Raoul Wallenberg, and to express the sense of Congress that the United States delegation to the Madrid Conference on Security and Cooperation in Europe urge consideration of the case of Raoul Wallenberg at that meeting, and to request that the Department of State take all possible action to obtain information concerning his present status and secure his release.

The Senate proceeded to consider the concurrent resolution.

Mr. MOYNIHAN. Mr. President, I rise on this occasion to ask the consideration of the Senate of this resolution. I am joined in this effort by my revered senior colleague, Senator JAVITS, by Senators CHURCH, BOSCHWITZ, PELL, SARBANES, BRADLEY, TSONGAS, HELMS, and HAYAKAWA.

The Madrid Review Conference, as it is called, is now convened in Madrid. The Soviet Union is present, as is each signatory of the Helsinki agreements, in a capacity where their human rights' record is to be reviewed by the conference as a whole. This will be the last occasion, I fear, on which we could with any realism ask the Soviet Union to account for the life and, if it be that, the death of Raoul Wallenberg, a man less known, perhaps, than he ought to be, but whose performance during the Second World War was unforgettable.

With American resources and his own government's support and his incomparable individual courage, he saved the lives of tens of thousands of human beings from the Gestapo, only to be arrested by the Soviets, and to disappear into the Gulag.

His death has never been established, and the fact that someone such as he may still be alive in Soviet prisons continues to be reported by persons leaving there.

It is the unfortunate fact that the present Foreign Minister of the Soviet Union many years ago committed himself to the proposition that Wallenberg is dead. Although the Soviet Union has never been prepared to admit otherwise, they will not establish the fact, will not even acknowledge, that such a person was arrested by them during that time. Yet the world over people have asked the Soviet Union to account for this man.

Although the Senate Foreign Relations Committee reported favorably on our own resolution, my colleagues and I are today agreed that this body should enact House Concurrent Resolution 434, a very similar measure passed by the other Chamber. There are many words with which to honor Raoul Wallenberg, and we are happy to accept theirs.

Mr. President, our delegation at the Madrid Review Conference, led by Griffin Bell, the former Attorney General and Ambassador Max Kempleman, has already captured the attention, and rallied the admiration, of free men and women everywhere. They have continued to face down Soviet obstructionism, while many others urge upon them the hopelessness of their task. And by ultimately—if we have to fear, fleetingly—winning their point, our representatives have set an example that will be worthy of emulation by all who must negotiate with our totalitarian adversaries. It will not easily be equaled.

We hope that our countrymen in Madrid will be able to pursue the case of Raoul Wallenberg with even a fraction of the same resolve that they have shown on other points. In so doing, they will not by any means digress from the important matters at stake in this conference. For Wallenberg himself exemplifies what free men, sometimes acting almost alone, can accomplish against those who would stamp freedom out. At Madrid, he is a symbol of what we stand for and, perhaps even more starkly, of what others stand against.

We are united, as the NATO countries are united, and this is the opportunity to press the case. We prayerfully petition our delegation in Madrid to raise the question of the fate of Raoul Wallenberg. With that, Mr. President, I will conclude my remarks.

I thank the distinguished majority and minority leaders for their courtesy in allowing us time this morning to raise a matter of conscience which concerns Members of both sides of the aisle.

I thank the Chair.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the concurrent resolution.

The concurrent resolution (House Concurrent Resolution 434) was agreed to.

The preamble was agreed to.

Mr. MOYNIHAN. Mr. President, I

move to reconsider the vote by which the concurrent resolution was agreed to.

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

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that Calendar Order No. 1139, Senate Concurrent Resolution 117, be indefinitely postponed.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, do I have any time remaining?

The ACTING PRESIDENT pro tempore. The Senator has 4½ minutes.

Mr. ROBERT C. BYRD. Mr. President, I yield such time as he may desire to the distinguished Senator from Wisconsin.

Mr. PROXMIRE. I thank the majority leader.

BILL OF RIGHTS DAY, HUMAN RIGHTS DAY AND WEEK, 1980

Mr. PROXMIRE. Mr. President, on December 15, 1791, the Bill of Rights became part of the Constitution of the United States. On December 10, 1948, the United Nations General Assembly adopted the Universal Declaration of Human Rights.

The President of the United States, President Carter, has just issued a proclamation of Human Rights Day and Week, 1980. He has designated December 10, 1980, as Human Rights Day, and December 15, 1980, as Bill of Rights Day. Obviously, we will not be in session on those days—unfortunately we will not be in session—so I call to the attention of my colleagues the fine statement, the proclamation issued by President Carter in honor of the Bill of Rights and the Universal Declaration of Human Rights.

I call special attention of my colleagues to the assertion by President Carter saying:

I urge all Americans to support ratification of the Genocide Convention.

That is part of his Bill of Rights Day and Human Rights Day, and properly it should be.

Mr. President, I ask unanimous consent that the proclamation be printed in the RECORD.

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

BILL OF RIGHTS DAY—HUMAN RIGHTS DAY AND WEEK, 1980

(By the President of the United States of America)

A PROCLAMATION

On December 15, 1791, the Bill of Rights became part of the Constitution of the United States. On December 10, 1948, the United Nations General Assembly adopted the Universal Declaration of Human Rights. Marking these anniversaries together gives us an opportunity to renew our dedication both to our own liberties and to the promotion of human rights everywhere.

The Bill of Rights carries with it an implied responsibility for the governed as well as for the governing. No American citizen can rest satisfied until the Bill of Rights is a living reality for every person in the United States, irrespective of race, religion, sex, national or ethnic origin. We cannot simply rely on the decency of government or the alertness of an active free press. Each individual must shoulder his or her share of the responsibility for seeing that our freedoms will survive.

The Universal Declaration of Human Rights is the cornerstone of a developing international consensus on human rights. Through it, the members of the United Nations undertake to promote, respect and observe human rights and fundamental freedoms for all without discrimination. We must continuously monitor the progress of this effort and the records of governments around the world.

The promise of the Declaration is remote to all those who suffer summary executions and torture, acts of genocide, arbitrary arrest and imprisonment, banishment, internal exile, forced labor, and confinement for political cause. It is remote to the countless refugees who flee their lands in response to the elimination of their human rights. It is remote to those subjected to armed invasions or to military coups that destroy democratic processes. The Declaration will ring hollow to that segment of a population discriminated against by laws of apartheid or by restrictions on religious freedom. It will ring hollow to those threatened by violations of freedom of assembly, association, expression and movement, and by the suppression of trade unions.

The Declaration must also ring hollow to the members of the U.S. Embassy staff who have been held captive for more than a year by the Government of Iran.

The cause of human rights is embattled throughout the world. Recent events make it imperative that we, as Americans, stand firm in our insistence that the values embodied in the Bill of Rights, and contained in the Universal Declaration, be enjoyed by all.

I urge all Americans to support ratification of the Genocide Convention, the Convention on the Elimination of all Forms of Racial Discrimination, the Convenant on Economic, Social and Cultural Rights, the Covenant on Civil and Political Rights, and the American Convention on Human Rights. I renew my request to the Senate to give its advice and consent to these important treaties.

Now, therefore, I, Jimmy Carter, President of the United States of America, do hereby proclaim December 10, 1980, as Human Rights Day and December 15, 1980, as Bill of Rights Day, and call on all Americans to observe Human Rights Week beginning December 10, 1980. It should be a time set apart for the study of our own rights, so basic to the working of our society, and for a renewal of our efforts on behalf of the human rights of all peoples everywhere.

In witness whereof, I have hereunto set my hand this fourteenth day of November, in the year of our Lord nineteen hundred and eighty, and of the Independence of the United States of America the two hundred and fifth.

THE FLEECE OF THE MONTH—PANDERING TO PACHYDERMS

Mr. PROXMIRE. Mr. President, I am giving my Golden Fleece Award for November to the Department of Education's Institute of Museum Services for a $35,000 Federal grant to a California zoo, part of which was used to send two animals keepers half way across the country to attend a 3-day elephant workshop in Tulsa, Okla.

The star of "Bedtime for Bonzo" will be moving into the White House in January. But does this mean the Federal Government—which has just run a $60 billion deficit—should be asked to take on these historically local and private activities?

While this may not be the biggest example of Government spending, it illustrates the point that Government is now spending the taxpayer's money for almost everything, everywhere. It is one thing for the Federal Government to provide for the common defense; but it is quite another for it to pander to pachyderms.

As chairman of the Senate Committee on Banking, Housing, and Urban Affairs, a member of the Senate Committee on Appropriations, and chairman of the Subcommittee on Priorities and Economy in Government of the Congressional Joint Economic Committee I have been especially concerned about wasteful Government spending. The fleece of the month is given for the biggest, most ridiculous, or most ironic example of wasteful spending for the period.

This grant to the Santa Barbara Zoo is just one of the 366 general operating support grants totaling $9.5 million given out this year by the Institute of Museum Services to zoos and museums in every State, the District of Columbia and Puerto Rico to spend virtually as the recipients see fit.

The director of the Institute of Museum Services said in a press release accompanying the announcement of these grants that they are the most valuable type a museum can receive because they are applied toward the basic services that museums provide—education, conservation, security, exhibits, and outreach programs—while allowing local museums to establish their own priorities.

In other words, what we have here is another example of the old, Put the money on the stump and run approach to Federal spending. The local officials were never required to say how the zoo would spend the money.

Secretary of Education Hufstedler has said that IMS grants can mean the difference between success and failure—for instance, in preserving the irreplacable treasures in our Nation's museums or just helping the museums to keep the doors open.

However, as with so many of these put the money on the stump and run programs, the difference between the ideal set down by the director and Secretary and the actual spending was as great as the difference between the scope and location of an elephant's trunk and tail.

The money did not go to feed the animals or to help keep the doors to the Santa Barbara Zoo open. Within a few short weeks after receiving this grant, the Santa Barbara Zoo spent $1,718.16 on sending zoo keepers to conferences. In addition to sending two animal keepers to the elephant workshop, the newly promoted senior animal keeper was sent at

Federal taxpayers expense, to the American Association of Zoo Keepers Conference in Montgomery, Ala.

Ironically, the people who should be funding a local zoo, the city and county government officials, used the cutback in their own funding as an excuse to ask the Federal Government to pick up part of the tab for running their zoo.

For example, Santa Barbara's mayor writing on behalf of the zoo's application argued that due to cut back in city, county, and State funding and the availability of local and community funds, the procurement of this grant is necessary in order to meet the rising costs to maintain the facility at its current level.

A local county supervisor also writing to the Institute of Museum Services said:

The severe curtailment of funds at county and city levels has resulted in a loss of revenue to the zoological garden from local government.

To all this I say that if a zoo is that important to a local community, that community should be willing to pay for it out of its own funds. Multiply this small example by the thousands of Federal programs in thousands of communities across our Nation and the public can begin to see why the Federal Government has grown so large and involved itself in so many areas of our lives.

There is nothing wrong in maintaining and improving our Nation's museums and zoos. There is a need to have museum and zoo personnel well trained and the animals and museum exhibits well cared for and maintained.[1] But should the Federal taxpayers provide funds for lions and tigers and bears as well as elephant workshops? There could be federally funded trips to other workshops for each of the species in the Animal Kingdom.

Clearly we have gone too far. It is time for Congress and the executive to stop these types of expenditures.

I thank my good friend, the majority leader.

[1] In a letter to me dated November 11, 1980, the Director of the Santa Barbara Zoo wrote in part:

"The $35,000 General Operation Support granted by IMS will be used as follows: 72% for Master Planning, 14% for the expansion of educational programs and 14% for professional staff development. The zoo has already put some of the IMS funds allocated to professional staff development to good use. As a result of a two-day elephant workshop hosted by the Tulsa Zoo and attended by over 40 elephant keepers from 13 states, new techniques for handling and caring for these endangered animals are being employed at the Santa Barbara Zoo. In addition, structural changes on the zoo's elephant barn are in progress to ensure greater safety for our elephant keeper staff.

"In addition, the zoo's Senior Animal Keeper was sent to the National Conference of the American Association of Zoo Keepers in Montgomery, Alabama. Nearly 100 keepers from 21 states attended to hear professional papers and exchange ideas with colleagues on the latest techniques in the captive management of exotic species. Our keeper presented a 1½ hour seminar to the zoo staff upon his return, detailing all he had learned.

"The experience gave not only the Senior Keeper, but also the entire staff, new information, enthusiasm and perspective to apply to their work. We feel that this justifies the $1,718.73 spent for the conference and workshop."

The entire letter is available for examination in my office, 5241 Dirksen Senate Office Building.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. I yield the remainder of my time to the distinguished minority leader.

RECOGNITION OF THE MINORITY LEADER

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

Mr. BAKER. I cannot resist saying that the 3-day elephant workshop I hope might be in keeping with the political season. (Laughter.)

Mr. ROBERT C. BYRD. Mr. President, I believe the distinguished Senator from Wisconsin should take charge.

Mr. PROXMIRE. I would be delighted.

The ACTING PRESIDENT pro tempore. The Senator from Tennessee.

Mr. BAKER. Mr. President, I have a request for a part of the time remaining to me under the standing order by the Senator from Utah, Mr. HATCH, who is not on the floor at this point. I thank the majority leader for yielding to me his remaining time. I have no need for my time, except for the use by Senator HATCH.

Mr. President, I would like, if I may, to yield to any other Senator, to the majority leader, or, in the absence of that, to suggest the absence of a quorum while I attempt to locate Senator HATCH.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, if the Senator will yield, I suggest we proceed with routine morning business for a moment to give the minority leader an opportunity to touch base with Senator HATCH. If there is no objection, I ask unanimous consent that the Senate now proceed to transact routine morning business not beyond 11 o'clock a.m. and that Senators may speak therein.

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

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

ELECTIONS IN JAMAICA

Mr. STONE. Mr. President, I would like to call the Senate's attention to the recent elections in Jamaica. The Jamaicans have sent us a message. By electing Edward Seaga as their new prime minister, they clearly have repudiated a government that was strong on leftwing rhetoric but pathetically weak when it came to improving the everyday lives of the people.

Jamaica's financial condition steadily deteriorated during former Prime Minister Michael Manley's rule. Fifty percent of Jamaica's young people are now unemployed. Basic commodities such as bread and soap are often in short supply. And the majority of private industry has either closed down or is working at partial capacity. In the face of this financial disaster, an estimated 150,000 mostly professional or skilled Jamaicans fled the island. Mr. Seaga reports that the country faces an international balance-of-payments gap of $155 million between now and the end of the year.

Jamaicans have signaled loudly and clearly their disgust with the current economic mess. They are tired of empty radical rhetoric, and they are fed up with Cuban meddling in their internal affairs. In fact, one of Mr. Seaga's first acts upon assuming office was to expel Cuban Ambassador Armando Ulises Estrada, who has a well-known history of subversive activities.

In turning their backs on Castro and the Cuban model, Jamaica has stated its desire for our help. Now it is up to us to respond quickly and effectively, and in a very tangible way. A quick response, or lack of one, will not only reveal our long-term intent to Jamaica but to the rest of the strategically important Caribbean as well.

Some may argue that this is an item of business which can wait until January and the newly constituted Congress. Unfortunately, the world's fast-moving events do not afford us the luxury of focusing solely on problems here at home. Friends and enemies alike will not go on hold while one administration gives way to another or while this Congress rushes to adjourn.

Jamaica needs our help, and she needs it now. We have to be flexible enough to quickly answer that call for help. Jamaica has presented us an unparalleled opportunity to do just that.

TAX CUT AND THE ECONOMY

Mr. STENNIS. Mr. President, the subject of tax reduction is receiving a great deal of attention these days both in and out of the Congress. This question is, of course, intimately related to the overall economic situation, and I want to take this opportunity to discuss the matter in this context.

Pending on the Senate Calendar is the Tax Reduction Act of 1980 which has been reported favorably by the Senate Committee on Finance. This bill proposes to reduce taxes by $18.3 billion in fiscal year 1981 and $38.9 billion in calendar year 1981. The amendment proposed to the second budget resolution would reduce taxes by about $17 billion in fiscal year 1981. I think that some tax

reduction bill probably will be passed by the Congress and sent to the President early next year.

I am generally in favor of a tax reduction if it is done right. However, at this time, I am not committed either for or against any specific bill or proposal. My overall feeling is that there is no need to rush into the matter. Congress has a responsibility to place the best interest of the Nation ahead of all else and to insure that any tax cut we may enact is meaningful and beneficial to the economy as a whole and in the public interest. I strongly believe that any tax reduction bill should be carefully designed to improve productivity, encourage investment, ease the pain of inflation, and create long-term permanent jobs.

I should state my belief that since unacceptably high inflation is still the major concern for this Nation, any tax cut that is enacted must be carefully designed to help rebuild the economy of the country without further fanning the fires of inflation. Our tax policy and our overall economic policy must be coherent, consistent, coordinated, and comprehensive.

I also believe that any tax reduction bill must treat both business and individual taxpayers fairly and equitably. It should give specific and favorable consideration to low- and middle-income taxpayers and should be designed to offset the increase in social security taxes which will take place in January. It should also provide relief from the increase in income tax brackets which result from inflation without any increase in the taxpayers real income.

In addition, Mr. President, we should increase the incentives for the individual taxpayer to work, to save, and to invest. This has an extremely high priority in my thinking. The pending Tax Reduction Act makes no additional provision for the exclusion of interest and dividends from the income taxes of individuals. A provision of the Windfall Profit Tax Act, however, provides that for the tax years 1981 and 1982 the existing exclusion for dividends is increased from $100 to $200—from $200 to $400 for joint returns—and broadens the exclusion to make it apply to certain types of interest received by individuals from domestic sources. The exclusion for interest and dividends provided under the new law will apply only to 1981 and 1982 and will have to be renewed by the Congress if it is to remain in effect for a longer period of time.

The savings of individual taxpayers are important to the economy of this Nation. Not only do such savings constitute funds that the taxpayer could fall back on in times of financial emergency, they provide a significant source for investment capital which stimulate the economy of the Nation. For example, the amounts deposited in savings and loan associations are a big factor in providing funds for loans for housing.

I believe, therefore, Mr. President, that the tax laws should be designed to encourage personal savings and investment. I believe that one factor in this would be to increase and make permanent the amount of interest and dividends excluded from the taxable income of individual taxpayers. I believe that this is a matter that deserves very serious study and consideration.

We have already given inducements for businesses to make investments and increase productivity. We have provided for accelerated depreciation and for investment tax credits. The tax reduction proposal pending today would liberalize and simplify both depreciation and investment tax credits. If we can do this for business, we should certainly study the question of giving added incentives for individuals to save and invest.

In addition, Mr. President, I am absolutely convinced that any tax cut must be accompanied by a determined, systematic, and continuous effort to reduce or eliminate unnecessary and wasteful Government spending. This is the only way that the matter should be approached if we are to rebuild the American economy without boosting inflation even higher than it is at present. I recognize, Mr. President, that it is easy to vote for a tax reduction. It is sometimes very difficult, however, to vote for the reduction in governmental expenditures which should accompany it.

Therefore, I suggest and recommend that we bite the bullet and attack the difficult part of the problem first. By this I mean that we should reduce expenditures in an amount which will cover the anticipated tax reduction before approving a bill cutting taxes. Under the Senate bill this would mean that we have to reduce governmental expenditures by approximately $18.3 billion for fiscal year 1981.

We can accomplish this. We can reduce expenditures if we have the will and the desire to do it. I think this is the approach we should take. However, the second budget resolution should be passed during this Congress. The budget process which was so carefully designed by the Congress is already in disarray and may collapse if we do not pass the second budget resolution and the reconciliation bill this year. I hope we will not let this happen.

Regardless of the results of the election, Mr. President, it is the responsibility of the Congress to act responsibly and effectively both on a tax cut and the economy as a whole. I will support a bill which is noninflationary, which is fair both to individual and business taxpayers, which provides tax cuts to accelerate the recovery from the current recession, which reduces inequities in the tax system, which increases incentives for work, savings, and investment, and which is accompanied by meaningful and complementary reductions in or elimination of unnecessary and wasteful Government spending. When the bill comes up which is primarily to reduce taxes, I will vote for a tax reduction if there is a reduction in unnecessary expenditures, dollar for dollar. We should do the hard part first, that is, reduce the expenditures, and then do the easy part next, that is, vote for a tax reduction.

THE FIRST 100 DAYS OF THE REPUBLICAN MAJORITY

Mr. PRESSLER. Mr. President, the euphoria many Republicans are experiencing as a result of the November 4 election should now be transformed into a willingness to unify behind our new President and set about the business of enacting legislation to stabilize the economy and strengthen our Nation's defenses.

It is clear that our Nation's people are desperately concerned about the state of the economy and deteriorating public image of the United States throughout the world. Most pundits failed to accurately gage the depths of public apprehension about increasing rates of inflation and joblessness. The Iranian situation is a tangible example of the ineptitude of our foreign policy. Perhaps more disturbing is our NATO allies lack of confidence in the ability of the United States to defend herself and her allies. The consistent failure of NATO pact countries to increase their share of defense costs is an indictment of U.S. foreign policy.

We must act immediately at the beginning of the 97th Congress to address the issues of economy and defense. If the Republican Party fails to set forth well-formulated policies to cut Federal spending fairly and give our people tax relief; if we fail to bolster our defenses and establish a strong foreign policy, the Republicans could lose control of the Senate in 1982.

Twenty-eight years ago, the Republicans took control of the Senate by one seat, and the House of Representatives with 218 plus 3 seats. President Dwight D. Eisenhower, who defeated Adlai Stevenson by a resounding margin in 1952, provided the coattails which carried the Republicans into power in both Houses.

Many of the Republican Senators of the 83d Congress were conservatives concerned about the cold war and Communist infiltration of domestic institutions. In President Eisenhower's 1954 state of the Union address, the President called for a legislative program which he believed would make the Republican Party progressive. He asked for the establishment of a public housing program, a tax structure to encourage spending, expansion of health insurance, and a liberal foreign trade and aid package. Eisenhower's legislative agenda was largely forgotten. "Instead of organizing to put through this program, however, the Republican leaders in Congress made the Bricker amendment the first order of business. Then came the Army-McCarthy tangle," writes Samuel Lubell in "Revolt of the Moderates." Eisenhower, frustrated by the failure of Congress to act on his program, is quoted as having asked, "What does the Republican Party want to do—commit suicide?"

The Bricker amendment, which limited the President's authority to enter into treaties with other nations, plus the McCarthy hearings, consumed Congress energies coming into the 1954 midterm election. Unemployment was increasing throughout the country, the Nation was coming out of a post-Korean war recession, and farm income was falling rapidly. Eisenhower cautioned his party to seek a middle ground and he distanced himself from McCarthy, whose accusations of communism in the Government were grabbing headlines throughout the country.

While the Republicans were busily ignoring their President and the economic problems of the electorate, the Democratic majority in the Senate and the House were pursuing a moderate line. To quote then-Senate Minority Leader Lyndon B. Johnson, "We are now in the minority. I have never agreed with the statement that it is 'the business of the opposition to oppose,' I do not believe the American people have sent us here merely to obstruct." Ironically, Eisenhower frequently found greater support for his programs—particularly foreign policy matters—from the Democrats.

Eisenhower sensed the problems which could arise in 1954, as he later stated in his memoirs:

One significant fact in the 1952 landslide victory of the national ticket had ominous overtones for Republicans who looked beneath the over-all result. . . . True, we had turned a minority into a majority position but . . . in the House the majority was a scant handful of votes; in the Senate only one. From the beginning, one political fact concerned me deeply. It was obvious that in 1952 a great many persons had voted Republican through the efforts of the "Citizens for Eisenhower and Nixon" national organization and the "Ike and Dick" clubs operating throughout the nation. It would be fatuous to assume that the 1952 victory had suddenly and permanently transformed the minority party, which the Republicans had been for many years, into the majority party. Yet many people were unthinkingly making that faulty assumption. There were Republicans who resented the Citizens. . . . They were new blood, new brains, and enthusiasm which the entire political system needed. They had, in fact, helped to create a new and unique political force to elect us.

Eisenhower, sensing the true basis for the 1952 victory, answered his Republican critics:

Most of the Citizens in the last campaign were intelligent independents and discerning Democrats who adhere to a moderate philosophy. I think we should court them. We should hold them to us. It would be sheer stupidity to fail to do so if we want to win more elections.

The critics were not satisfied and Eisenhower realized it:

It did not change the attitudes of those who maintained the same old narrow, inflexible view of partisan politics. And that inflexibility gave a hint of the difficulty the party would have in obtaining the same enthusiastic and unselfish support we had received in 1952.

As in 1952, the American people went to the polls seeking leadership, seeking a "father figure," if you will. The burden of leadership today is now shared by the Senate, and it is our duty to place firm priorities on issues to be placed on next year's agenda. Cutting spending, providing a tax cut and beefing up our defense capabilities coupled with establishing a consistent foreign policy can be our program for retaining a Republican majority.

Our President-elect has made it clear that he wishes to work with us and with the Democratic minority to achieve the goals we have been assigned by the Nation.

In order to attack the serious problems facing our country, moderation is necessary today just as it was in 1952. Moderation need not be a dirty word. In fact, it takes fortitude to try to balance the extremes of left and right.

The Republicans will face a midterm election in 1982. If we do not stick to substantive issues which touch all Americans, we may find that the Republican Party cannot attract the millions of independents and Democrats who helped give us a majority this year.

President Eisenhower campaigned for Members of the House and Senate in 1954 as no other previous President had. All the while, Eisenhower was urging Republican candidates to take the "middle way," and present a modern image of the party in order to attract younger voters.

The Republicans lost their Senate majority in 1954 and the House majority disappeared with the loss of 29 seats. Eisenhower was blamed by Old Guard Republicans for the loss, although his personal popularity continued to grow in part because of his campaigning in 1954. The President had predicted the possible loss because of "anachronistic dogmas and negative dialectics," to quote Elmo Richardson's "The Presidency of Dwight D. Eisenhower."

It would do the Republican Party well to heed President Eisenhower's advice about the "middle way." His philosophy, as stated in a letter to a friend, could serve as a blueprint for a Republican resurgence if it is followed:

When I refer to the Middle Way, I merely mean the middle way as it represents a practical working basis between extremists, both of whose doctrines I flatly reject. It seems to me that no great intelligence is required in order to discern the practical necessity of establishing some kind of security for individuals in a specialized and highly industrialized age. At one time such security was provided by the existence of free land and a great mass of untouched and valuable natural resources throughout our country. These are no longer to be had for the asking; we have had experiences of millions of people—devoted, fine Americans, who have walked the streets unable to find work or any kind of sustenance for themselves or their families.

On the other hand, for us to push further and further into the socialistic experiment is to deny the validity of all those convictions we have held as to the cumulative power of free citizens, exercising their own initiative, inventiveness and desires to provide a better living for themselves and their children . . .

I shall conclude with this one general observation or aphorism. . . . The generality that I advance is merely this: . . . anything that affects or is proposed for masses of humans is wrong if the position it seeks is at either end of possible argument.

CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that morning business be closed.

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

Mr. BAKER. Mr. President, do I have time remaining under the standing order?

The ACTING PRESIDENT pro tempore. The Senator has 11 minutes remaining.

Mr. BAKER. Mr. President, I yield my remaining time under the standing order to the Senator from Utah.

Mr. HATCH. Mr. President, I thank the distinguished minority leader.

THE ROLE OF THE AFL-CIO IN INTERNATIONAL LABOR AFFAIRS

Mr. HATCH. Mr. President, the role of the AFL-CIO in international labor affairs has gone relatively unnoticed for many years, especially the efforts of the AFL-CIO to combat Soviet influence in the labor organizations of the world. Today, let me report briefly on the six objectives of those Soviet activities to give my colleagues in the Senate some idea of the size of the challenge that the AFL-CIO is facing.

Traditionally, the Soviets have viewed labor organizations very differently than their function is seen in the West. The Soviets in fact scoff at the idea that a free trade union should represent the economic interests of workers by trying to improve wages and benefits and to improve the quality of the workplace. The Soviets instead believe that the political role of unions is vital—they are, after all, the largest mass organization in most nations outside of political parties. Their political role is often more significant than some parties or even the armed forces of some nations.

It is no surprise then to find the Soviets devoting considerable attention to the political subversion of trade unions. First, the Soviets see unions as a great school of communism, a means of changing the attitudes of thousands of workers through daily propaganda in union-controlled newspapers, in discussion groups, and in declarations aimed at undermining the political legitimacy of a nation and attacking the foreign policy interests of the West.

Second, the Soviets have long used unions as a means of penetrating the senior leadership of a country because trade union leaders are often called upon to serve on national-level commissions in government and industry even when political party leaders—especially Communists—are excluded from such roles. Such opportunities help explain why Moscow has sometimes ordered local Communist parties to dissolve their labor union offices and subordinate themselves to local unions instead.

Third, the Soviets are infamous for

the techniques of "political strikes" which are designed not to improve the lot of workers but to achieve purely political goals. Right after the Second World War, Communist-controlled labor unions in Western Europe followed Moscow's orders to strike in order to impede economic recovery, to wreck the Marshall plan, and to undermine the efforts to establish NATO and a joint western defense of Europe.

Fourth, Moscow has long realized the benefits of using labor unions for espionage. Not only do workers often have access to the most sensitive industrial technological secrets, but workers in defense plants and at military bases have access to national defense information of great interest to the Soviet Union. For example, after several French union officials were convicted of espionage after the Second World War, the French Government has become much more careful in allowing Communist-dominated unions to recommend workers in defense-related areas.

Fifth, the Soviets are well-aware of the potential value of labor unions for war-time sabotage demonstrated in against the Nazis. Even in peacetime, labor unions can be a powerful force to disrupt government programs and halt production or destroy industrial facilities.

Sixth, Moscow has shown how labor unions may even be decisive in bringing down a government in a coup d'etat. Sometimes a mere political strike—if sufficiently widespread—can focus discontent on a few grievances that brings a government to a halt. In its more sinister form, labor unions can seize control of strategic industries and critical locations such as printing, electricity, communications, transportation, airports and train stations.

With this base, unions under Communist control can overthrow a government such as Czechoslovakia in 1947, or negotiate from a position of great strength to demand that the Communist Party be included.

Such are the lessons of books like Jan Valdtin's "Out of the Night," Willard Beiling's "Pan Arabism and Labor," G.E. Lynd's, "The Politics of African Trade Unionism," and Roy Godson's, "American Labor and European Politics." These are not lessons for the past only. Moscow today maintains a network of international labor organizations throughout the world, trains annually over 2,000 carefully selected union leaders from Europe and the Third World, and, according to the writings of the Institute of the International Labor Movement in Moscow, the Soviets believe that the political role of labor organizations will be critical to the establishment of world socialism in the decades ahead.

Too many Americans are obsessed with Soviet military might, worried about direct Soviet military conquests, while all the time the Soviets are busy not only building up conventional and strategic military forces which our Government can and will match, but also expanding their influence among the working men of the world where our country has relied largely on the efforts of the AFL-CIO rather than the U.S. Government. At the very least, American trade union leaders deserve the appreciation of us all for their international efforts.

I want to pay special tribute to them in expressing my personal appreciation for the work that I know they do in trying to have a free labor movement all over the world.

Mr. President, I yield back the remainder of the minority's time.

SECOND CONCURRENT BUDGET RESOLUTION, 1981-83

Mr. ROBERT C. BYRD. Mr. President, does the order require the Senate to return to the second concurrent budget resolution?

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator is correct. The Senate will now resume consideration of the pending business, which is Senate Concurrent Resolution 119, which the clerk will state by title.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 119) revising the congressional budget for the United States Government for the fiscal years 1981, 1982, and 1983.

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be 2 hours for debate on either an amendment by the Senator from Kansas (Mr. DOLE) or on a discussion of the tax cut issue, which is to be equally divided and controlled by the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Kansas (Mr. DOLE).

Mr. ROBERT C. BYRD. Mr. President, I believe that the parties mentioned by the Chair were under the impression the Senate would probably resume consideration of the resolution at 11 a.m.

The ACTING PRESIDENT pro tempore. The Senator is correct.

RECESS UNTIL 11 A.M.

Mr. ROBERT C. BYRD. Therefore, Mr. President, I ask unanimous consent that the Senate stand recessed until 11 a.m. today.

There being no objection, the Senate, at 10:49 a.m., recessed until 11 a.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. ROBERT C. BYRD).

Mr. HOLLINGS. Mr. President, under the previous order, we are awaiting the appearance on the floor of our distinguished colleague from Kansas (Mr. DOLE) to present his amendment. We have also alerted the Senator from Arkansas (Mr. BUMPERS). Pending their attendance, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The time is to be charged to which side?

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the time be charged equally.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Who yields time?

Mr. BENTSEN. Will the Senator yield 5 minutes?

Mr. HOLLINGS. Yes.

Mr. President, I ask unanimous consent that the distinguished Senator from Texas be recognized for 5 minutes.

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

Mr. BENTSEN. Mr. President, my feelings about a tax cut have long been known. I feel very strongly we should proceed with one.

The Congress of the United States, I think, has an opportunity to contribute to the rebuilding of America.

One problem we face today in our economy is that business is indecisive as to what it will be able to do in spending money for new capital goods. Decreasing productivity is a basic problem in America. We have the lowest increase in productivity of any major industrial nation in the world.

We look at countries like Japan, Formosa, and South Korea that have rates of productivity increase far beyond ours.

If we really want to do something about reducing inflation in the long run, we must increase productivity in this country. We should be putting more products on the shelf, more efficiently, and selling them at a cheaper price.

If we want to protect the strength of the American dollar, one of the best ways is to compete more effectively in international trade. How we measure up against other major trading nations is the true test, the crucible, of our economic efficiency.

Yet we continue to have huge deficits in our trading accounts.

We have to hone our tools and improve our technology. That will mean major capital investments; it will require new schedules to lower the period of depreciation so we can have increased cash flow within a corporation, so American firms can reinvest and start doing something about keeping jobs at home, not exporting them overseas. That is what has been happening to our country.

Many people hear talk about depreciation schedules, and assume we are talking about a tax cut for business. They could not be more wrong. It is not just for business. It is a tax cut for labor. It is a tax cut for the consumer, to get the cost of living down. It is a tax cut to create jobs and keep them at home.

We have got to understand how difficult things have become for millions of Americans who are running as hard as they can just to stay even in an era of inflation.

Next year, with bracket creep, the windfall profit tax, and higher social security taxes the American people will have to pay $86 billion in new taxes. That is a heavy burden to ask them to

bear. In my opinion, it is an unfair burden and I believe we have an obligation to provide some tax relief to the long-suffering American wage earner and to American business.

The Joint Economic Committee just came out with a report showing that over the next decade we will have to create 15 million net new jobs in this country—15 million of them.

The report also suggests that we will see an increase in the age of the American worker. We will see almost 10 million additional women come into the working force. How are we going to accommodate this vast demand for jobs—for opportunity—without an expanding and growing economy? A tax cut will enable America to generate the cash flow to grow and expand; to create new jobs. It can also help us remain competitive in world trade.

There are those who say that a tax cut would add $30 billion to $40 billion to the deficit. That is not the fact.

The net amount, if we pass a tax cut January 1, would be an addition of about $17 billion to the deficit. But we begin to get feedback from that kind of investment.

This particular tax bill, also includes a stock option provision that gets the professional manager an entrepreneurial interest in his company's long term growth.

One problem today with inflation is management's own mind-set. We see management making decisions based on what their bonus will be, and that bonus is decided by how this year's performance measures up against last year's.

With that sort of approach, there is no way management will make the long-term investments for research and development that can help the technological breakthrough.

Many American businessmen look at an R. & D. expense and say, "Why should I do that? One of my successors will get the credit."

That outlook is as short as a politician looking ahead to the next election, and not wanting to do something with the payoff way down the line, to be sure it was done before the election period.

There is no quick fix to turn our economy around and get the country rebuilding again.

What we have to do is make some long-term decisions to get this country growing.

When we talk about increasing productivity, we say, "Well, you will only increase it by maybe 1 percent a year, or maybe 1.5 percent, or maybe 2 percent a year. So what?"

But what we have to look at is the cumulative effect of that trend of increase over a period of years.

Through the 18th century, England had only about 1 percent to 2 percent better productivity than the Continent. But it was a country that began to dominate the entire world because of that improvement in productivity.

That is what we ought to be trying to accomplish here in America.

What about the marriage penalty, and the problem couples are facing around the United States today? This particular piece of legislation takes a step in the right direction in trying to correct the marriage penalty.

What about savings? We see savings in this country at the lowest rate of any major nation in the world. We saved at about 4 percent this year. The Japanese save at about 22 percent; the Germans and French at about 13 percent.

Unless we save more, where will we get the capital to build the new homes, or the capital to invest in the new machinery and equipment we so urgently need in this country?

This particular piece of legislation that passed the Finance Committee by a vote of 19 to 1 has broad bipartisan support. It is endorsed by liberals and conservatives, and it has a savings incentive in it, to try to increase savings in this country.

So I feel very strongly, Mr. President, that we need a tax cut. We have seen the Democratic President say that he had his tax bill and he wanted it to be effective as of January 1. We have seen the President-elect have his tax bill which he wanted effective January 1, 1981. We have seen the Senate Finance Committee pass a bipartisan bill by a vote of 19 to 1, to be effective January 1, 1981. When we have had that kind of consensus, then why delay? Why not move ahead and put a tax cut into effect?

If we fail to act, business will be faced with uncertainty. They will not know what they are going to do, or what can be done, because of the tax situation, because they will not know when the investment tax credit will go in, when the new depreciation schedule will go in.

With that kind of attitude, what do they do? They wait. They do not buy the capital equipment. They wait to see when the effective date of new legislation. Is it going to be in July of next year?

If we do not pass a tax bill at this time, we will see a new Congress in January. There will be many new faces, new committee assignments. I think it is unlikely that we could have a tax bill passed and signed by the President before July.

Today we have a situation in which there is broad, bipartisan support for a tax cut in the Finance Committee, in the Senate, and among the American people. Under the circumstances we have an obligation to act, and I believe it is important for us to fulfill that obligation.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. BUMPERS. Mr. President, I believe I have time under the agreement.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the unanimous-consent agreement be adjusted so that we can move forward with the amendment of the Senator from Arkansas (Mr. BUMPERS) and then take up the amendment of the Senator from Kansas.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

The Senator from Arkansas is recognized.

UP AMENDMENT NO. 1773

(Purpose: To provide budget authority for the disaster loan fund of the Small Business Administration)

Mr. BUMPERS. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Arkansas (Mr. BUMPERS), for himself, Mr. EAGLETON, Mr. PRYOR, and Mr. BOREN, proposes an unprinted amendment numbered 1773.

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

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

The amendment is as follows:

On page 2, line 12, strike out "$699,600,000,000" and insert "$700,100,000,000".

On page 2, line 13, strike out "$778,600,000,000" and insert "$778,698,000,000".

On page 2, line 14, strike out "$852,600,000,000" and insert "$852,668,000,000".

On page 2, line 16, strike out "$633,000,000,000' and insert "$633,400,000,000".

On page 2, line 17, strike out "$709,000,000,000" and insert "$709,994,000,000".

On page 2, line 18, strike out "$777,700,000,000" and insert "$777,803,000,000".

On page 2, line 22, strike out "—$17,900,000,000" and insert "—$18,300,000,000".

On page 2, line 23, strike out "—$11,200,000,000" and insert "—$11,294,000,000".

On page 2, line 24, strike out "+$14,400,000,000" and insert "+$14,297,000,000".

On page 3, line 1, strike out "$961,800,000,000" and insert "$962,200,000,000".

On page 3, line 2, strike out "$1,003,000,000,000" and insert "$1,003,494,000,000".

On page 3, line 3, strike out "$1,021,600,000,000" and insert "$1,022,197,000,000".

On page 3, line 6, strike out "$40,900,000,000" and insert "$41,300,000,000".

On page 3, line 7, strike out "$41,200,000,000" and insert "$41,294,000,000".

On page 3, line 8, strike out "$18,600,000,000" and insert "$18,703,000,000".

On page 7, line 1, strike out "$8,700,000,000" and insert "$9,200,000,000".

On page 7, line 2, strike out "$9,700,000,000" and insert "$10,100,000,000".

On page 7, line 4, strike out "$8,600,000,000" and insert "$8,698,000,000".

On page 7, line 5, strike out "$8,800,000,000" and insert "$8,894,000,000".

On page 7, line 7, strike out "$8,700,000,000" and insert "$8,768,000,000".

On page 7, line 8, strike out "$8,600,000,000" and insert "$8,703,000,000".

Mr. BUMPERS. Mr. President, this amendment adds $500 million in budget authority and $400 million in outlays to the fiscal year 1981 budget in function 450, community and regional development. This amount will fund the Disaster Loan Fund of the Small Business Administration to make disaster loans to farmers and businesses devastated by droughts, hurricanes, floods, and other disasters.

The budget request of an additional $1.3 billion was submitted on September 4, 1980, after the Budget Committee marked up Senate Concurrent Resolution 119 and, therefore, consideration was not given to this request. The House Budget Committee did consider this budget request during its consideration of the second budget resolution and it is my understanding that an allowance was made for this disaster request.

My amendment provides room in this resolution so that the Disaster Loan Fund of the SBA is not depleted prior to the time that the new Congress convenes. The amount I am proposing to add should take the Small Business Administration through March of next year.

Mr. President, I wish to point out some things to my colleagues about my deep and abiding concern about this matter.

Numerous times during our Nation's history natural disasters have occurred which have resulted in severe physical and economic injury for many of our citizens. Each time our Government has responded with aid and assistance, the most recent example being the enormous devastation which occurred when Mount St. Helens erupted. In the fiscal year 1980 supplemental appropriations bill, we provided roughly $900 million in disaster aid for those suffering from the disaster.

By the same token, Mr. President, we must provide sufficient disaster aid to the farmers of this country because many of them have been virtually wiped out by this summer's heat and drought. The drought we have just experienced is without a doubt the most severe one in my lifetime and, unless sufficient disaster loans are made available to farmers in many States, hundreds will be forced out of business.

From June 2 to July 20, my State of Arkansas received only 0.7 inches of rain. To further complicate matters, between June 26 and August 26 of this year, Arkansas experienced 56 days of temperatures in excess of 100 degrees. The New York Times edition of Friday, September 12, 1980, surveyed the drought damage with a feature article on a farmer in my State. The article concluded:

> In the hardest hit states, estimates of crop and livestock losses have ranged from $800 million for Arkansas to $1.5 billion for Missouri, though such estimates are far from precise. Crop weather specialists say Arkansas is now suffering the worse damage.

Mr. President, I ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. BUMPERS. Mr. President, this summer's drought virtually destroyed the soybean crop in Arkansas. Of the roughly 4.8 million acres of soybeans planted in Arkansas this year, at least 65 percent of the crop was lost. This loss alone will exceed $500 million. Forty percent of the cotton crop was lost or some $100 million. Further, millions of dollars of chickens were killed when extraordinary temperatures existed. When all of the losses in my State alone are added, Mr. President, the figure approaches $1 billion. In light of these figures, coupled with the estimates from other States, the demand on our agricultural lending agencies will be tremendous.

Mr. President, I am not here to debate the question of whether or not the SBA should be making agricultural disaster loans. As we all know, this was settled by the enactment of Public Law 96-302. For disasters commencing after July 2, 1980, SBA will only make agricultural disaster loans if a farmer has been refused or is ineligible for a comparable loan from the Farmers Home Administration. This change was needed because FmHA is the proper lending agency for farmers. However, for purposes of the drought which occurred this summer, SBA will be making disaster loans and I think it is necessary that we provide room in this budget resolution for that activity. The sheer weight of the caseload which is currently confronting FmHA and SBA mandates that both agencies be totally involved or many farmers will be put in financial jeopardy simply because their applications were not acted upon. Therefore, Mr. President, I am offering this amendment to the second budget resolution to provide room to accommodate the pending disaster loan request of the Small Business Administration and I sincerely hope my colleagues will join me in its passage.

Mr. President, the Small Business Administration is going to be deluged with loan applications in December, January, and February. Many farmers will be able to get loans from their banks. Other farmers prefer the Farmers Home Administration because, if they are not credit worthy, they can go to the Farmers Home Administration and get disaster loans at 5 percent. Under the law applicable to this drought, FmHA cannot make disaster loans to credit worthy borrowers.

However, the Small Business Administration can make disaster loans to credit worthy borrowers, but with a different rate of interest. If you are not credit worthy you can get the loan at 5 percent. However, if you are credit worthy you can borrow it from SBA at about 8¼ or 8½ percent. Therefore, many people will go to the Small Business Administration for help.

I anticipate that the SBA will have a huge backlog of loan applications in January and February when farmers have to decide whether they will plant another crop. The strain on all of our lending agencies will be tremendous.

Therefore, Mr. President, I am offering this amendment to insure that the Small Business Administration has enough money to take them through the early part of next year. Without any additional money, I am concerned that they will run out of money before that time. Even if they do not, those of us who have been in opening sessions of a new Congress know that there is a great deal of confusion and it is difficult to pass legislation quickly.

I am trying to provide enough money in the disaster loan fund to take them through February and March. After the new Congress convenes, if they do need more money, we will at least have time to consider the request and act on it. That is the substance of my request and I hope my colleagues will support it.

EXHIBIT 1

[From the New York Times, Sept. 12, 1980]

SEVERE DROUGHT WITHERS U.S. CROPS IN BLOW TO FARMERS AND CONSUMERS

(By William Robbins)

SCOTT, ARKANSAS, Sept. 11.—A devastating drought increasing daily in its severity, has withered crops in a broad band across much of the eastern half of the United States, bringing heavy losses to some farmers and rising prices for consumers.

The drought has resulted, the Agriculture Department reported today, in sharply reduced yields of corn, soybeans and cotton, crops that significantly affect the costs of food and clothing. [Page D1.] But farmers in areas the drought has missed have benefited because they can sell good yields of crops at increased prices.

ARKANSAS FARMERS HURT

Nowhere has the drought hit harder than here in central Arkansas, where Sam McGhee stood the other day looking out over a field where the dried and crusted surface was broken by deep cracks and dotted with stunted and dying soybean plants.

The plants, normally a rich green and nearly waist-high in September, were hardly high enough to reach above a farm worker's ankles. They varied from large patches of sickly yellow to those of dried brown, the victims of a season when weeks heat above 100 degrees scorched the earth and not enough rain fell to settle the dust.

"Nothing can save those beans now," said Mr. McGhee. The field was symbolic, he said, of a year of work for him and his two sons on 3,300 acres of soybeans, cotton and rice that has brought him nothing except a loss that he figures will reach $100,000.

Mr. McGhee and Don Chapman, a neighbor who expects his own crop losses to exceed $140,000, are representative of farmers facing financial disaster in Arkansas, one of the states that has been hardest hit among many suffering from a continuing drought. Hundreds of thousands of farmers across the nation are suffering to a lesser degree.

SOME FARMERS HAVE BENEFITTED

Because of widespread losses such farmers and sharply reduced national crop production, consumers are feeling the effects of rising prices of grains, meats and vegetables, and they can look ahead to still higher food prices next year.

The drought has reached a vast, jagged arc from southern Illinois down to Texas, across the South to Georgia and up the coastal plant to New England, depleting yields of grains, vegetables and cotton, and raising the costs of feeding livestock. Other pockets of the drought have damaged crops and limited livestock grains in Montana, the Dakotas, Nebraska and Minnesota.

No food variety appears immune from the toll. Costing more are meats and cooking oils from the Middle West, sweet corn from the Eastern Seaboard, tomatoes from New Jersey and potatoes from Maine and Long Island.

The economic effects of the drought can be expected to last well beyond the end of the year, according to Dennis Steadman, an agricultural specialist with Chase Econometrics in Bala Cynwyd,, Pa. "I'm still looking for a rapid acceleration in producer prices," he said.

For the rest of the year, Mr. Steadman said, he expects retail food prices to increase at an annual rate of 15 to 18 percent. For 1981, he said, he expects food price increases to average about 12 percent.

Much of that, he said, will result from higher prices for meats, supplies of which have also been reduced by hot and dry weather. An expected increase of 3 percent in beef supplies next year will not offset an expected decline of 10 to 13 percent in pork production, he said.

The report on crop production issued today by the Agriculture Department showed more drought damage to major crops than the department's analysts expected when they issued their last report a month ago. The report projected a national corn harvest of 6.53 billion bushels, 2 percent less than the August forecast and 16 percent less

than last year's record harvest. The projection for soybeans, 1.83 billion bushels, shrank 3 percent in the month and reflected an expected decline of 19 percent from last year's production.

However, Mr. Steadman noted that the United States had large grain reserves. As the 1980 crop year began, the country had grain stocks that equaled 24 percent of normal consumption as against 15 percent in 1974, a year of world food crisis.

Many price increases, of course, have already occurred, running as high as 26 percent for corn and 25 percent for hogs and chickens since last spring.

A picture varying from bounty to disaster in farming regions around the country emerges from talks with farmers and with private and government crop and weather experts.

IOWA ESCAPES LOSSES

Among the more fortunate are farmers in the heart of the corn belt—in Iowa, northern Illinois, Michigan, Indiana and Ohio. They are men like Robert Baur, who grows corn and cattle on a large farm in Iowa, not far from Des Moines, and Marvin Straub, who grows corn and hogs near Elgin, in northern Illinois. Iowa is the leading corn-producing state and Illinois ranks second. Like northern Illinois, Iowa has escaped drought losses, and both of those farmers are expecting good crops this year.

An outline of the areas that have been hit hardest emerged from talks with crop and weather experts, including Lyle Denny, agricultural meterologist for a cooperative office of the Agriculture Department and the Commerce Department, and Peter Leavitt, vice president of Weather Services Corporation, a private advisory concern based in Bedford, Mass.

From southern Illinois, the areas of greatest difficulty sweep through Missouri and eastern Kansas and down through Oklahoma and Arkansas into Texas, hitting hardest there in the high plains of northwest Texas. Eastward the drought has also seared most of northeastern Louisiana and western Mississippi, which are cotton and soybean areas.

The drought also touches western Kentucky and Tennessee and reaches across Alabama, but it strikes most severely in Georgia among Southeastern states, the experts said. It then reaches upward along the coastal plain, hitting the central Carolinas and eastern areas of Virginia, Delaware, Maryland, Pennsylvania, New Jersey and New York.

POTATO AREAS AFFECTED

In New England, the experts said, crop areas of Maine, Vermont and Massachusetts have been drier than normal, but the areas of the Northeast hit hardest have been Connecticut and eastern New York, including potato-growing areas of Long Island.

In the East, they noted, the drought has hit areas that supply much of the region's local vegetables. As a result, Mr. Leavitt said, not only are crops smaller but the quality of such vegetables as sweet corn has suffered. On the other hand, he said, the dry weather tends to improve the quality of potatoes. As a result of reduced supplies, vegetable prices have risen in the last month even more sharply than meat prices.

Still, the most widespread drought damage to crops is in the Middle West and the Southwest. From central and southern Illinois southward a squeeze on farmers resulting from the drought begins to tighten.

Whole fields of corn viewed recently in a triangle between Normal, Springfield and Decatur in central Illinois had been withered by the heat and drought, while other fields that appeared to be thriving, farmers said, would produce little grain because heat had interfered with the pollination process.

EIGHT BUSHELS AN ACRE

As a result, in southern Missouri and many other areas, farmers like Lendal Rose, whose pastures near Springfield are dry, whose cattle are languishing and whose stunted soybeans bear unfilled pods, commiserate with others like his neighbor, who recently cut a field of barren stalks of corn and chopping them up for cattle feed.

In the hardest-hit states estimates of crop and livestock losses have ranged from $800 million for Arkansas to $1.5 billion for Missouri, though such estimates are far from precise. Crop weather specialists say Arkansas is now suffering the worst damage.

● Mr. EAGLETON. Mr. President, when the Budget Committee took action on both the first and second concurrent resolutions, they based their decisions on a set of assumptions. One of those assumptions was that the Small Business Administration (SBA) disaster loan fund would need only limited new budget authority in fiscal year 1981, that no out-of-the-ordinary disasters would take place. As we all know, quite the opposite has happened. Our country has just emerged from the worst summer of adverse weather in recent memory. Heat records were continuously broken combined with a record lack of rainfall. In terms of loss of life and of economic damage, the costs were staggering.

Perhaps the hardest hit in economic terms was our Nation's farmers. In Missouri alone the estimated losses exceed $1 billion. Yields on corn and grain sorghum were down by over 50 percent and soybean yields dropped by one-third.

The amendment offered by Senator BUMPERS merely seeks to recognize that the Government is going to have to make good on the programs that are in place to provide the farmers of this Nation with the economic relief they need to stay in business. I, as much as anyone in the Senate, recognize the need to hold Federal spending down. But we should not play games by including in our budget assumptions figures that we all know are completely unrealistic.

The Government has an obligation to make the loans provided for in the disaster program, and let me emphasize that we are just talking about loans which will be paid back with interest. The farmers of this country deserve to know that their government recognizes this obligation and that money has been set aside in the budget to meet it.

This is all we are asking. I urge my colleagues to support this amendment.●

Mr. HOLLINGS. Mr. President, the distinguished Senator from Arkansas has outlined the problem. It is our understanding that inasmuch as this is close to being an entitlement program, very obviously it will have to be funded. The main concern, as I understand it, is about the funds expiring in February or March.

The House-passed budget resolution has $1.1 billion more in budget authority than the Senate has. They had $1.8 billion, but then they added an across-the-board cut; so they have $1.1 billion in budget authority and $1.5 billion in outlays to provide for this particular program.

I have tried to assure the distinguished Senator from Arkansas that we would not raise any budget point on the continuing resolution. There could be a continuing resolution making certain of the amounts in there.

As I have explained in earlier debate on particular provisions of this bill, we had estimated some 8½ percent unemployment. In estimating the 8½-percent unemployment, we put several hundreds of millions additional in there for unemployment compensation, for trade adjustment assistance, and for the other programs.

So it could well be argued that our amount is a little high. There is a feeling that, of course, we would be lucky to get out at the $633 billion level.

I am willing to adjust and try to handle it in conference. We do not want to add onto the deficit on the floor at this particular point.

I think the Senator from Oklahoma has a point to make relative to the general policy between SBA and Farmers Home and I am glad to yield to the distinguished Senator from Oklahoma.

Mr. BELLMON. Mr. President, I thank my friend, our chairman.

Mr. President, there is much room for improvement in this budget. Yesterday, Senator DOMENICI and I offered an amendment requiring the Appropriations and Finance Committees to reduce spending so that we could live within this budget. For proccdural reasons, the Senate was unable to vote on our amendment.

If we expect to live within the spending totals before us, we will have to choose in favor of priority spending requirements, at the expense of lower priority items. This means that we will have to fund the SBA disaster loan program within the parameters of this resolution. This program has always been a high priority item; the Congress has never failed to appropriate the necessary funds.

The budget resolution accommodates funding for the SBA disaster loan program based on CBO's estimates for a normal disaster year. It assumes that most agricultural disaster lending will be carried out by the Farmers Home Administration. This has been accomplished with the enactment of Public Law 36-302.

Since the time we reported this second budget resolution, the administration submitted an amended budget request of $1.3 billion for the SBA disaster loan program. This request is needed to provide disaster loans to farmers who suffered drought losses which began before the enactment of Public Law 36-302 on July 2.

Mr. President, the administration has, I believe, been lax in its handling of drought disaster declarations. All of the disaster declarations were made after the effective date of the new law, but all of them so far have been made effective prior to July 2. I ask unanimous consent that a table showing effective dates of recent disaster declarations and the starting dates of the droughts be printed in the RECORD.

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

FISCAL YEAR 1981 DISASTER AMENDMENT: PHYSICAL DROUGHT DISASTER LOAN DECLARATIONS

MINNESOTA

July 2 and 10, 1980—Governor requested SBA Physical Disaster Declaration for 15 counties.

August 21, 1980—ASCS survey report verified disaster in 15 counties.

Drought dates:

14 counties—droughts began in January-July, 1980.

1 county—drought began in fall of 1979.

September 5, 1980—SBA declared disaster loan area—15 counties.

TEXAS

First declaration:

July 28, 1980—Governor requested SBA physical disaster declaration for 49 counties.

ASCS survey report verified disaster in 47 counties.

Drought dates—47 counties:

43 counties—droughts began in March-July, 1980.

2 counties—droughts began in October, 1979.

1 county—drought began in August, 1979.

1 county—drought began in September, 1979.

August 12, 1980—SBA declared disaster loan area—47 counties.

Second declaration:

July 28 and August 13 and 26, 1980—Governor requested SBA physical disaster declaration for an additional 29 counties.

ASCS survey report verified disaster in 28 counties.

Drought dates—28 counties:

24 counties—drought began in January-June, 1980.

1 county—drought began in May, 1979.

1 county—drought began in August, 1979.

1 county—drought began in September, 1979.

1 county—drought began in November, 1979.

September 5, 1980—SBA declared disaster loan area—28 counties.

MONTANA

June 16, 1980—Governor requested SBA physical disaster declaration for 21 counties.

ASCS survey report verified disaster in 21 counties.

Drought dates:

5 counties—droughts began in March-April, 1980.

4 counties—droughts began in spring/summer, 1980.

4 counties—droughts began during 1980 crop year.

5 counties—droughts began in October, 1979.

2 counties—droughts began in September, 1979.

1 county—drought began in November, 1979.

August 5, 1980—SBA declared disaster loan area—21 counties.

SOUTH CAROLINA

September 4, 1980—Governor requested SBA physical disaster declaration for 39 counties.

ASCS survey verified disaster in 39 counties.

Drought dates:

39 counties—droughts began in March-August, 1980.

September 16, 1980—SBA declared disaster loan area—39 counties.

VIRGINIA

August 6, 1980—Governor requested SBA physical disaster declaration for 40 counties and 3 cities.

August 14, 1980—ASCS survey report verified disasters in 40 counties and 3 cities.

Drought dates:

40 counties/3 cities—droughts began in February-June, 1980.

September 5, 1980—SBA declared disaster loan area—40 counties/3 cities.

MISSOURI

July 14, 1980—Governor requested Presidential disaster declaration for entire State.

August 1, 1980—Governor requested SBA physical and economic injury disaster loan declaration for entire State.

ASCS was not given opinion on incidence period of either drought conditions or excessively high temperatures.

FmHA—stated drought conditions existed in State since April 1, 1980 and extremely high temperatures began July 30, 1980. FmHA made its Emergency Loan Program available to entire State. FmHA damage survey shows 107 of Missouri's 114 counties sustained physical damage to qualify for SBA assistance.

September 5, 1980—SBA declared disaster loan area—107 counties—based on FmHA information (remaining 7 counties eligible for disaster loan assistance because they are adjacent to qualifying counties).

ARKANSAS

July 10, 1980—Governor requested SBA Physical loss disaster declaration for 12 counties to replace 7,607,400 chickens killed by excessive heat in June-July, 1980. Data did not qualify any of the 12 counties.

July 16, 1980—Governor amended request for disaster declaration for all 75 Arkansas counties for drought and heat losses.

July 16, 1980—ASCS survey determines there are more than 40 farms in each county suffering losses from heat and drought June 25—July 16, 1980.

July 17, 1980—SBA declared disaster loan area—entire State for drought conditions and excessive heat commencing on or about June 25, 1980.

Mr. BELLMON. Mr. President, this causes existing law—with its unrealistic interest terms—to apply. As a result, SBA costs have now risen to the $2.0 billion mark and may be run up even further by the year's end.

Whether the entire request is indeed necessary is based, in large measure, on judgmental calls regarding the incidence period of drought disasters. An initial GAO investigation of the SBA drought disaster declarations is revealing. SBA relys solely on ASCS survey reports, when available, to determine the starting dates of the droughts and assess disaster damage. No set of criteria is established for determining when a drought has begun. Not only that, but for some counties in a number of States, the drought disaster declaration has been backdated to the fall of 1979. I do not see why it has taken so long for a disaster declaration to be made for 1979 droughts when the declarations also cover droughts which occurred in the spring and summer of this year. It is clear that criteria to guide the determination as to when a drought has occurred should be established.

To correct this problem now is difficult. Assistance for drought, which began after July 2 of this year will no longer be given by SBA, for the most part, but will be limited to Farmers Home. Still, after working for 2 years to achieve the new law, it is disappointing to see the cost of the SBA program rise to the $2 billion level—for us to witness a similar situation to the fiscal year 1978 occurrence which gave rise to the new legislation.

CBO calculates using the administration's present estimate, that additional funding for the SBA disaster loan program will be $1.7 billion in budget authority and $1.6 billion in outlays above the second budget resolution assumption, but could possibly rise as high as $2.5 billion in budget authority and $2.3 billion in outlays.

The House-passed budget resolution allows funding of the SBA disaster loan program at a $1.8 billion level. There is clearly room for a desirable compromise between the House and Senate resolutions with respect to this funding requirement.

Rather than adding additional money to this resolution, as the Bumpers amendment proposes, we should rely on a more desirable conference outcome. We should not complicate that conference by raising the Senate recommended budget deficit and spending ceilings.

I urge my colleagues to oppose this amendment.

I am in sympathy with the argument which the distinguished Senator from Arkansas makes, Oklahoma has also been hit by the dry weather, the drought of this summer. We have practically, I think, as bad weather as the States of Arkansas and our neighbor Missouri.

Obviously, we have an interest in seeing that the legitimate needs of farmers who were stricken by this disaster are met.

The problem is, as the Senator from Arkansas knows, Congress passed and the President approved a change in the disaster law that will cause farmers to go not to the Small Business Administration but to the Farmers Home Administration to obtain loans to help them get through these periods of disaster.

For some reason which I do not understand, President Carter decided for all practical purposes to cover as many of these droughts as possible under the old rather than the new law.

The drought disaster declarations that have been made during 1980 have all been made with an effective date prior to July 2, which is the date of the new law came into effect.

The problem with farmers going to the Small Business Administration is complicated. One is the SBA does not have enough people to process these loans properly. Second, the Small Business Administration is not accustomed to dealing with farmers and therefore they do not have the capacity to properly evaluate the requests that are made.

Then the real problem has been that the Small Business Administration has had more liberal lending standards. Many farmers who could get credit elsewhere go to the Small Business Administration and get low-interest loans there which is simply a matter of economics. It is not a matter of disaster. It is a matter that they can save money by getting these Government loans at SBA.

It is my hope when the new adminis-

tration comes to town they will take a look at this administrative decision that was made to, in effect, not apply the new law to these recent disasters. If that happens then this money that the farmers who have had these disasters need would come not from the Small Business Administration but from Farmers Home which is where I believe Congress intended it to come from and where there will be requirements that end some of the abuses that have occurred in the Small Business Administration handling of disaster programs in the past.

So I suggest that we will work this out in conference and that hopefully when we have a change in administration the law which Congress has passed will be made effective for the 1980 drought and the funds that are needed then will come to the farmers who are eligible from the Farmers Home Administration and not from the Small Business Administration.

It is for that reason that I agree with our chairman's position that we should not increase our budget numbers here in the Chamber but rather work this out in conference, and I assure my friend from Arkansas that I am as interested as he is in seeing that the legitimate needs of the farmers be met and that the action we take in conference will be intended to accomplish that objective.

Mr. BUMPERS. Mr. President, I respect the Senator from Oklahoma. I know his feelings about the concept of the Small Business Administration being involved in making disaster loans to farmers. I share those feelings and am certainly not here to defend that practice. The Senator knows we have effectively taken SBA out of the business now, but not until after this drought commenced.

The date of July 2 does not deal with when the disaster is declared by the President. It has meaning in determining when the drought was considered to have commenced. In Arkansas the disaster proclamation for the whole State was issued prior to July 2, but there were some other States where a proclamation was not made until after that date. However, the drought commenced before July 2 which renders the changes made by Public Law 96-302 inapplicable. This was an administrative decision.

I certainly know that both the distinguished chairman of the Budget Committee and the ranking minority member will do everything they can to protect us.

The House budget resolution has $1.2 billion in it for this very purpose. That is the budget resolution they passed yesterday of $631 billion.

I just do not want this to be traded off in conference because I think there is going to be a real thorough discussion between the House and the Senate about what part of each budget is going to be adopted. If the distinguished chairman will assure me that he will do his utmost to make certain that there is room, in the vicinity of the figures I am talking about, left, or in other words, if we could recede to the House for an amount that would take the SBA through March so that when we come back here next year we will have time to act, I would appreciate it. There is not anything worse than farmers getting to planting time and the Farmers Home Administration or the SBA or both having this big surge of applications and not enough personnel to handle them or they run out of money.

I just want to make sure that the farmers of Arkansas who have just suffered the worst disaster in the history of my State do not get caught in that kind of a bind.

I speak not only for my State but the farmers of Missouri, the farmers of Tennessee, the farmers from other States. One can look at the map and see the devastation of the drought. It has just been a disastrous agricultural year.

I know the Senator is very cognizant of that.

Mr. HOLLINGS. Mr. President, I give that assurance to the Senator from Arkansas. There is no question in my mind that the Senate figure at the moment is unrealistic. It is unrealistic because the administration did not submit its budget amendment until after the second budget resolution was reported to the Senate. We see from the various schedules given us in the Appropriations Committee, where the Senator from Arkansas and I both work on Small Business Administration appropriations, the amount we have right now is unrealistic and we are going to have to come near that amount that the Senator is talking about right now.

There is no question in my mind, and I certainly will use all the good persuasion in my power, what little it is, to bring us up to that particular amount because I do not want our farmers in South Carolina hurt. I think it has been estimated to have been in the vicinity of almost $90 million alone. How much occurred before July 2? I think the July 2 analysis given by the Senator from Arkansas is eminently correct. When the disaster starts is when it starts and you do not stop it. It is a question of whether or not it is going to be treated before the Farmers Home or the SBA.

So all after July 2 are going now to the Farmers Home, and SBA is gearing up in this administration and in the new administration for running a disappearing program. In other words, responsibility is now under both the Small Business Administration and the Farmers Home. But after this drought SBA will be mostly out of this particular business and all the disasters then that will have occurred since July 2 would be going before the Farmers Home. But we want to make sure that our SBA budget does have a sufficient amount so that we will not be caught in some kind of change of command crunch next year. I am definitely sympathetic and understanding about it. I do not want my farmers to be sitting on the sidelines waiting for their money so they can replant and get into another crop year.

Mr. BUMPERS. Mr. President, as the Senator knows, we have to have some room in a continuing resolution to put some of this money in. The important thing about this budget resolution is that we have some room left so that when a continuing resolution comes before the Senate we can put additional money in the SBA Disaster Loan Fund.

Mr. HOLLINGS. We will have the leeway.

Mr. BUMPERS. With that understanding, Mr. President, I shall withdraw my amendment.

Mr. BELLMON. Mr. President, I thank the Senator from Arkansas for his decision and I assure him I will do all I can in conference to accomplish the objective he has in mind.

Mr. BUMPERS. Mr. President, I ask unanimous consent that Senators EAGLETON, PRYOR, and BOREN be added as cosponsors of this amendment.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. BUMPERS. Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. HOLLINGS. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that it be attributed to both sides.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

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

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

Mr. HOLLINGS. Mr. President, I ask unanimous consent that we just switch and recognize Senator CHILES for his amendment, and thereafter Senator DOLE for his amendment.

The PRESIDING OFFICER. Without objection, it is ordered.

The Senator from Florida is recognized.

UP AMENDMENT NO. 1774

Mr. CHILES. Mr. President, I send to the desk an amendment on behalf of myself, Senator DOMENICI, and Senator JOHNSTON.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Florida (Mr. CHILES), for himself, Mr. DOMENICI, and Mr. JOHNSTON, proposes an unprinted amendment numbered 1774.

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

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

The amendment is as follows:

On page 16, add the following new section: "SEC. (4). It is the sense of the Congress that due to the extreme rate of inflation in the U.S. economy, the possible inflationary effects of federal regulations and legislation shall be carefully monitored as part of a program of fiscal restraint. Inflationary effects should therefore be a prime consideration in developing both regulations and legislation. In order to coordinate the aggregate economic impact of regulations with federal fiscal policy, it is the sense of Congress that the President should implement a "Zero Net Inflation Impact" policy for the regulations promulgated in the remainder of fiscal year

1981. This policy will require the President to keep an accounting for fiscal year 1981 of all new regulations which have a significant, measurable cost to the economy. The aggregate net increase in costs or price effects of new regulations would have to be offset by modifications to existing regulations which reduce the costs or price effects by at least that amount in fiscal year 1981, as well as subsequent fiscal years. The cost-saving modification need not affect the same area of economic activity as the cost-inducing regulations. The President should institute an exemption procedure to assure the promulgation of regulations necessary to avert any imminent threat to health and safety.

It is also the sense of Congress that the Director of the Congressional Budget Office should issue a periodic "inflation scorekeeping" report which shall contain an estimate of the positive or negative inflationary effects, wherever measurable, of legislation enacted to date in the current session of Congress. The report shall also indicate for each bill, promptly after it is reported by a Committee of Congress, whether:

1. it is judged to have no significant positive or negative impact on inflation;

2. it is judged to have a positive or negative inflationary impact of the amount specified in terms of both dollar amounts and change in the Consumer Price Index; or

3. it is judged likely to have a significant positive or negative impact on inflation, but the amount cannot be determined immediately.

Mr. CHILES. Mr. President, this is the same amendment the Senate accepted on the first budget resolution by a vote of 53 to 34. Our amendment will augment the anti-inflation policy of the budget resolution for fiscal year 1981 by setting forth a "zero net inflation impact" policy for Federal regulations issued in the remainder of 1981.

Balancing the Federal budget is the cornerstone of our fight against inflation. But we need to take other actions as well. I know that when I talk with businessmen from my State about inflation, they are as much concerned with Federal regulations as with the Federal deficit.

ZERO INFLATION FROM REGULATIONS

Our amendment says that in the current economic climate, we ought not to add any inflationary pressure from regulations. This does not mean that we have to bring Government to a standstill. We have learned to cut spending for old programs to make room for new ones. In the same way, it is possible to reduce the cost of existing regulations to make room for new ones.

Some important steps have already been taken to create a regulatory council and keep control over the cost of new regulations. Unfortunately, the focus has been on the cost of new regulations coming out, not on the existing body of regulations. The pressures of work to look at only the new additions will always exist. My amendment sets up a situation where the agencies will have to look at existing regulations.

Some people have suggested that we institute a full "regulatory budget" comparable to the spending budget.

I happen to think that is a fine goal, and I support such a move to do that. But I do not believe we have the capacity yet to account for all of those costs or how to determine what an appropriate level should be. But I think we can set the path to develop that kind of capacity as this amendment gets us moving. It says that the President will have to set up an accounting system for those new regulations which have a significant, measurable cost to the economy. We recognize that some regulations are too minor to be counted, or that the effects are so uncertain that no one could put a price tag on them.

On the other hand, many regulations have a well-known impact and would have to be counted. "Zero net inflation impact" over the course of a year means that the agencies will have to reexamine their existing regulations, and either streamline them or eliminate some provisions, in order to achieve cost reductions that offset any increases from new regulations. In effect, this creates a "balanced budget for regulations."

Mr. President, right now we have the kind of situation for regulations which we had for spending before the new budget act came into place. We look at each regulation and weigh its costs and benefits. But we have no way of knowing the total cost of regulations issued during the year. That is just like passing spending bills one at a time without over adding to see what the total figure is going to be.

The amendment provides two kinds of flexibility since we are setting out on a major new effort. First, we allow regulatory costs in any one area of economic activity to be offset by reductions in another area. For example, an increased cost for environmental protection could be offset by a reduction in tax reporting forms. What we are looking at here is the total economic effect for the whole government.

The second form of flexibility is the requirement of a waiver provision for any emergency regulations necessary to avert an imminent threat to public health and safety. I think it is very rare that such an emergency waiver would be needed, but I want to make sure it is available so we will not have that situation.

INFLATION SCOREKEEPING FOR LEGISLATION

We also lack an overall context for monitoring the economic effects of legislation. The inflationary impact of any one bill may seem too small to forgo the benefits of that bill. Yet we have found that there is a large cumulative effect on inflation if we pass several such bills in one session. That is what happened when Congress raised the minimum wage, increased agricultural price supports, added to payroll taxes and deregulated gas prices, all in a single session. Each one of those acting by itself perhaps did not have too much significance, but coming together those laws added significantly to the underlying price pressures that we are experiencing today.

I do not think we yet have any way to set a number for the acceptable total economic impact of legislation. But we do need a comprehensive screening method so we know what we are facing when we vote on any bill. We need to know the effects of both legislation enacted to date, and of legislation coming out of the various committees, that we are likely to pass later on.

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

Mr. HOLLINGS. Mr. President, on my time, I yield so much time as the Senator from Florida may need.

Mr. CHILES. I thank the distinguished chairman.

Again, the current situation is just like the old method of passing spending bills one by one, without a total budget to judge them against.

At the urging of the Senate Budget Committee, the Congressional Budget Office has set up a small unit which has been measuring the economic impact of legislation. While they have provided some useful analyses, they only pick out certain bills, and some with major potential impact have slipped by. We cannot afford a hit or miss system on inflation.

We have, therefore, developed a workable system that can provide Congress necessary information without impeding its work.

For every bill reported out of committee, the Congressional Budget Office would have to indicate whether:

A. It appears to have no significant positive or negative impact on inflation;

B. It has a significant positive or negative inflation impact, and the amount of impact is specified in terms of both dollar amounts and change in the Consumer Price Index;

C. It appears likely to have a significant positive or negative impact on inflation, but the amount cannot be determined immediately.

Most legislation will probably have no significant impact. Where CBO and the administration have been working on an issue, they ought to be able to provide an estimate right away. If something comes out of committee that is drastically different from what people had been expecting, or if there was no adequate data available, the bill would be listed under category "C." The Members would then decide whether the bill was urgent enough to move ahead without knowing the economic impacts, or whether they would wait until the indicated date for the estimate.

Nothing in the amendment would put an automatic hold on the bill. The information would simply be listed in the scorekeeping report, and Members could make their own judgments.

Mr. President, I believe these provisions will add a major dimension to the anti-inflation fiscal policy of the budget resolution. They could greatly enhance the credibility of Congress determination to reduce inflation. I therefore hope the Senate will agree to their adoption.

Mr. HOLLINGS. Mr. President, the Senator from Florida proposed—and we had this passed by a substantial majority in our first concurrent resolution. At the time of its presentation, we were concluding the markup of our session at the particular time and we agreed, as conferees, to take this to the conference because we absolutely agreed with the intent of the Senator from Florida and the goals desired by him; namely, to try to get a handle on the inflationary impact of the regulatory body.

I have had, individually, as a Senator, a misgiving. My misgiving is the imple-

mentation that the aggregate net increase in costs or price effects of new regulations would have to be offset by modifications to existing regulations which reduce the costs or price effects by at least that amount in fiscal year 1981, as well as the subsequent years. The cost-saving modifications need not affect the same area of economic activity as the cost-inducing regulations.

I think the first part, the actual monitoring, is a very salutory development. In fact, I sent for a letter. And under the leadership of the distinguished Senator from Florida and myself and the committee, we have asked Dr. Rivlin, over at the Congressional Budget Office, to try to institute, so far as is practicable, a tracking system to let us know the inflationary impact of the various new regulations. She has been trying to adhere to it and we are going to continue to pursue it.

Perhaps we can get it this far down to actually have a comprehensive look at all of the regulations. I remember one time they got up to 60,000 pages in the Federal Register. It must be nearer 80,000 pages at this particular time. You need to look at all of the regulations. You would not just take the new ones, but you would have to start reviewing the old ones too, because the new ones would all have some inflationary impact. So if I had to administer the program, I would be trying to look at the old ones to see which ones I could offset to keep inflation under control.

It is going to be quite a job. Whether or not it is practical, certainly it is desirable.

I have checked it with the distinguished ranking member on the minority side and cleared it with him. We will be glad to accept the amendment and do our best in committee to hold it in there.

Mr. CHILES. Mr. President, I thank the distinguished Senator from South Carolina, the chairman of the committee, for accepting the amendment. I look forward to discussing it with him as we go to the conference. I think it is a very timely amendment right now.

Mr. HOLLINGS. It would have a better chance right now than before.

Mr. CHILES. I think so.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florido (Mr. CHILES).

The amendment (UP No. 1774) was agreed to.

Mr. HOLLINGS. Mr. President, I suggest the absence of a quorum, with the time equally distributed.

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

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

UP AMENDMENT NO. 1775

(Purpose: To provide for a reduction in revenues)

Mr. ROTH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Delaware (Mr. ROTH), for himself, Mr. DOLE, Mr. DOMENICI, Mr. BOREN, and Mr. HATCH, proposes an unprinted amendment numbered 1775.

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

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

The amendment is as follows:

On page 2, line 1, strike out "$615,100,000,000" and insert "$598,300,000,000".

On page 2, line 2, strike out "$698,700,000,000" and insert "$672,400,000,000".

On page 2, line 3, strike out "$792,100,000,000" and insert "$766,500,000,000".

On page 2, line 5, strike out "increased or".

On page 2, line 7, strike out "$5,200,000,000, and insert "—$16,500,000,000".

On page 2, line 8, strike out "—$13,300,000,000" and insert "—$57,600,000,000".

On page 2, line 9, strike out "—$35,600,000,000" and insert "—$103,800,000,000".

On page 2, line 22, strike out "—$17,900,000,000" and insert "—$34,700,000,000".

On page 2, line 23, strike out "—$11,200,000,000" and insert "—$37,500,000,000".

On page 2, line 24, strike out "+$14,400,000,000" and insert "—$11,200,000,000".

On page 3, line 1, strike out "$961,800,000,000" and insert "$978,600,000,000".

On page 3, line 2, strike out "$1,003,000,000,000" and insert "$1,046,100,000,000".

On page 3, line 3, strike out "$1,021,600,000,000" and insert "$1,061,500,000,000".

On page 3, line 6, strike out "$40,900,000,000" and insert "$57,700,000,000".

On page 3, line 7, strike out "$41,200,000,000" and insert "$67,500,000,000".

On page 3, line 8, strike out "$18,600,000,000" and insert "$15,400,000,000".

Mr. HOLLINGS. Mr. President, is this the amendment on which there is a unanimous-consent agreement?

The PRESIDING OFFICER. The Chair will announce that under the previous order there will be 2 hours of debate on the amendment offered by the Senator from Delaware to be equally divided and controlled by the Senator from South Carolina (Mr. HOLLINGS) and, under the previous order, the Senator from Kansas (Mr. DOLE).

Does the Senator wish to change that?

Mr. DOLE. Yes, Mr. President. Mr. ROTH will control the time.

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

Mr. ROTH. In addition to myself, Mr. President, the principal sponsors of this amendment are Mr. DOLE, Mr. DOMENICI, and Mr. BOREN.

What we are proposing in this amendment is to adjust the revenue level in the budget resolution to allow room for a tax cut of roughly $17 billion in fiscal year 1981.

Make no mistake about it. A tax cut in fiscal 1981 is inevitable and unless we make room in this budget resolution for the tax cut, we will be back early next year, either with a third budget resolution or we will be forced to waive the Budget Act.

Mr. President, 2 weeks ago the American people said they wanted a change. They said they wanted less spending and they wanted relief from the enormous tax burden now imposed on our economy.

In the 4 Carter years, taxes have increased on the typical American family by $2,000. Most importantly, we find our economy in a shambles. We have double-digit inflation. We have high unemployment, 7.5 percent. We have doube-digit interest rates. The American people are expecting the new administration to put into effect the basic structural changes that are essential to create a growth economy.

Mr. President, this is not going to be easy. Whatever we do in the next several months cannot reverse overnight the pattern of the last several years. But it is important that we take the basic steps today that will permit expeditious consideration of the tax proposals as well as the other changes that are going to be proposed by President-elect Reagan.

I would point out that just this Monday President-elect Reagan reasserted what he intended to do. He said that his main economic priorities will be reducing the cost of Government and reducing the tax burden on the American people.

So what we are proposing through our amendment is to make possible the changes that will be recommended by the new President.

Under our budgetary procedures we normally have two resolutions, and the second one is the one that is to prevail. I think it is important that we comply with the requirements of the budgetary process, of which I have been both a cocreator and a longtime supporter and avoid a third budget resolution. I also agree with the distinguished chairman of that Joint Economic Committee that what we are going to do in the tax area must be done as expeditiously as possible.

It is important that we get the tax proposals enacted into law so that the private sector will be able to make the decisions that are essential to get the economy growing again and to create jobs in the private sector.

Just let me point out that over the next 5 years total taxes of the Federal Government are projected—Mr. President, could we have order, please?

The PRESIDING OFFICER (Mr. EXON). The Senator's point is well taken. The Senate will be in order.

Mr. ROTH. Mr. President, I think it is important for the American people to understand what is taking place if we do not proceed with real tax reduction. Over the next 5 years total taxes of the Federal Government are projected to more than double. They are projected to increase from $520 billion to $1.1 trillion.

Mr. President, that is much of the problem of this country's malaise. The fact is that our plants—our industrial base—are obsolete compared with our Japanese, West German, and other foreign competitors. It is a fact that our

plants are replaced roughly every 30 years, compared with every 10 years in Japan. It is a fact that, no matter how competent our American workers are, they cannot compete when they are working with plants and equipment that are out of date and outmoded.

Mr. President, what we seek to do is revitalize the American economy and to create real jobs in the private sector. We believe that it is important to reduce tax rates to create real growth without inflation. I point out that this is not a partisan matter. I think many here heard the distinguished chairman of the Joint Economic Committee point out that the Joint Economic Committee, of which I am a member and will be vice chairman next year, has, for 2 years, urged that supply-side tax cuts take place so that there will be real growth in the economy.

As I say, Mr. President, by adopting this amendment, by making it part of our second budget resolution, we shall then be in a position next January to move directly and expeditiously to the tax cut itself. How this tax cut will be shaped will depend upon what action is taken at that time, but I would say, as one member of the Committee on Finance and as one Member of the Senate, that I intend to do everything within my power to insure that the working people of America participate in these tax cuts. These enormous tax increases are the major factor in reducing productivity, savings, and investment, thus increasing inflation, economic stagnation, and loss of jobs.

Mr. President, I urge my colleagues to support this amendment so that we can proceed expeditiously toward tax reduction to get the country moving again.

Mr. President, I yield the floor.

Mr. BOREN. Mr. President, will the Senator yield to me?

Mr. ROTH. I am happy to yield to my distinguished colleague, the Senator from Oklahoma.

Mr. BOREN. I thank my colleague from Delaware.

Mr. President, I am pleased to join this effort by the Senator from Delaware and the Senator from Kansas to assure that we make room in the second budget resolution for a tax cut. I think it is important that this move be viewed as a bipartisan one in the country, because I think it is time for all of us to get together and try to work together in a cooperative spirit to do what is right for this country and attack the underlying problems that have caused our economy to get into a serious situation.

Just a few minutes ago on this floor, Mr. President, my distinguished colleague, the Senator from Texas (Mr. BENTSEN), outlined the reasons why a tax cut is so vitally necessary at this time for our country. I think the reasons are clear for all to see.

When we realize that this country saves and invests a very small share of its gross national product in the basic industries of this country; when we realize that the nations of Western Europe and the Japanese are saving a proportion of their gross national product each year that is five, six, and seven times as great as our own; when we realize that those savings are translated into investment and research and development, into new plant and new equipment in those nations, I think all of us can see that there is no longer a question whether those nations will pass the United States in terms of economic productivity.

If we allow the situation to continue, the only question is how soon will it happen? If we save and reinvest in the basic industries of our country only 3 or 4 percentage points of our gross national product, if we continue along that line while the Japanese are saving and reinvesting in excess of 20 percent of their gross national product and the West Germans in excess of 18 percent of their gross national product, there is no doubt what will happen. So if we are to attack the underlying cause for inflation in our society, and that is the decline of American productivity, we must do something to increase the rate of savings in this country and the rate of investment.

Under current conditions, there is simply no incentive to save. Return on savings after taxes is not sufficient to encourage people to save. There is also not the ability on the part of the basic industries of this country to recover the capital investments which they make in plant and equipment. Because of the rate of inflation and because of inadequate depreciation schedules at the present time, there is simply no way, when it comes time to replace a piece of equipment that is worn out, that a company would have been able to build up a reserve account sufficient to pay the capital costs of buying that new piece of equipment. The results have been tragic for all citizens of this country.

Mr. President, we are now producing products in our factories across the country with equipment 15 and 20 years old while the same products are being produced in other nations with plant and equipment that is modern and up to date and only 2 or 3 years old. So something must be done.

In essence, we are going to have to make the difficult decisions necessary to shift 2 or 3 or 4 percentage points of our gross national product now being consumed by Government in this country to the private sector, where it can be used to retool and reindustrialize America. If we do not, if we do not make those tough decisions which are necessary, all Americans are going to suffer. Fewer jobs are going to be available in the future and we are going to see basic industry after basic industry in this country fall victim to international competition without having the tools and capabilities of meeting that competition.

Mr. President, it would be shortsighted indeed for us to pass a budget resolution which would have the effect of tying our hands of the next administration, which did not leave room in it for a tax cut. We must not only cut taxes; I firmly believe we must make additional spending cuts in the nondefense area to be responsible. But, certainly, this is not a time to pass a budget resolution which would require the next administration to seek a waiver, to seek modification in order to bring about a tax reduction which is so badly needed for this country.

Mr. President, I urge my colleagues to support this amendment to the budget resolution. I had personally hoped and still harbor the hope that the bill reported out earlier by the Finance Committee might still receive favorable consideration, because it is a good bill. It is a bill that is already in position to be passed and would give this Congress the greatest possible opportunity in the short run to send a message to the financial community in this country so that the basic investment decisions which are so badly needed to be made without any delay could be set in motion shortly after the first of the year. Mr. President, whether that action is successful or not, I think we must certainly leave room for the next administration to move ahead with a tax reduction proposal.

I commend my colleague from Delaware and my colleague from Kansas for offering this amendment. I am very pleased and proud to join them as a cosponsor.

Mr. ROTH. Mr. President, I add as a cosponsor the junior Senator from New Jersey.

I yield 5 minutes to the distinguished Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. I will take just a few minutes. If the distinguished Senator from New Jersey has some pressing commitment, I would be happy to yield to him.

Mr. President, before the election there was a lot of fun and games with respect to whether or not there ought to be a tax cut, which tax cut it ought to be, and when it ought to happen.

Nearly everybody was in agreement that there would be a tax cut in 1981. Those on this side of the aisle thought there should have been one enacted this year, and this Senator still does, to be effective January 1. Most of those on the other side of the aisle said we ought to wait until next year, but make it effective January 1.

So there was never much difference on when there should be a tax cut, and when it ought to be effective. The only difference is when it should be passed.

The Democratic leadership in its caucus, as I understand it, by a vote of 28 to 16, decided not to do it this year. That pretty much took care of any tax reduction act being passed this year to be effective in January.

This decision was made despite what we have estimated to be some $86 billion in increased taxes next year.

I do not know of anyone who does not believe that when President-elect Reagan assumes office in January his first act of business will be an economic package which includes a tax reduction. It would seem to me, not having forgotten some of the technicalities of the Budget Act and some of the deadlines to be met, that it would be shortsighted to pass this budget resolution without making some room, as the distinguished Senator from Oklahoma just mentioned, for a tax cut in this fiscal year.

I want to commend the distinguished

Senator from Delaware for his continued leadership in making certain we address this issue.

Time after time after time in the Finance Committee and on this Senate floor, it has been the Senator from Delaware who has provided the leadership, as he has again this morning.

Some say, "Well, wait until January, until Governor Reagan is then President Reagan. It is his ball game. Let him make the decisions."

This Senator is not so certain that we do the taxpayers of this country a service by waiting. It would seem to me it is not a question of who is going to occupy the White House in January, or who will control the Senate come January. The question is, what do we do now to indicate to a lot of Americans who are going to be suffering tax increases in January, with social security tax increases and other tax increases, what signal do we send millions and millions of taxpayers who are overburdened with income taxes, what do we tell them, what do we suggest to them insofar as relief is concerned next year?

The Senator from Kansas has great respect for the Budget Committee, having served on that committee. I have the highest respect and admiration for the chairman, the distinguished Senator from South Carolina, and for my neighbor in Oklahoma, the distinguished Senator from Oklahoma. We may have a difference of opinion as to timing. We may have a difference of opinion as to other technical areas.

But I believe we are in agreement that, while we should not do it now, maybe we ought to do it next year. That, as I suggest, is not a great distinction, not a great difference.

Finally, the Senator from Kansas would indicate that we need a productivity-oriented tax cut.

Prior to assuming chairmanship of the Senate Finance Committee next year, I find agreement among Democrats and Republicans on that committee that it should be productivity oriented, the emphasis should be on so-called supply side tax cuts. It is my hope that the Reagan administration, and those responsible for tax and economic policy, will consult with those on the Senate Finance Committee in both parties, will work with us, and will assist on the Senate Finance Committee.

If we have that cooperation, as I assume we will, then I believe we can bring a tax package to this floor, hopefully early next year. I know that will satisfy a great number of the Senators on both sides of the aisle.

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

Mr. DOLE. I am happy to yield to the Senator for a question.

Mr. DECONCINI. Last year, I believe the Senator from Kansas offered, and I was a cosponsor, of an amendment that would have provided for indexing, which was some loss of tax revenue——

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

Mr. ROTH. How much time remains?

The PRESIDING OFFICER. There is 24 minutes and 42 seconds remaining.

Mr. DECONCINI. If the Senator will yield me a minute to answer this question, or just 30 seconds, would this proposed amendment of the Senator from Kansas take into consideration the possibility of indexing, in line with the bill offered last year by the Senator?

Mr. DOLE. It is my understanding that that is correct, that it is anticipated in the outyears. We do not mention the details of a tax cut, but it is my understanding the numbers are adequate to allow for indexing in the outyears.

Mr. DECONCINI. There would be adequate room to include indexing?

Mr. DOLE. Right.

Mr. DECONCINI. And what we think will be the President's tax package?

Mr. DOLE. That is the understanding of the Senator from Kansas.

Mr. DECONCINI. I thank the Senator.

I wanted to impress that I support the Senator generally, and also strongly support that now I believe we will be able to put the votes together to get indexing.

Mr. DOLE. Following the Senator's lead from a State with indexing now, and as more States index their systems, I am sure we will be considering it on the Federal level.

Mr. President, there is little room for doubt that this Nation's economy needs the revitalization of a major tax cut as soon as possible.

I am disappointed that the Finance Committee tax cut bill has not been enacted in this Congress.

Prior to drafting this bill, the Finance Committee received testimony from a number of this country's foremost experts on the economy. Care was taken to assure that the testimony would be received from expert economists who were respected by both Republicans and Democrats. We wanted to be sure that we would hear the opinions based upon recognized expertise and not limited by political prejudices.

The overwhelming response of these experts was that a tax cut is necessary, and the sooner it is implemented, the better this country will be served.

SLOW RECOVERY

Unfortunately, we have not heard much good news about the economy since we heard the testimony leading to the Finance Committee bill.

Our Nation is still suffering from the worst combination of inflation and unemployment in recent history. Just this week the Nation's largest banks raised the prime interest rate to 16¼ percent and recent forecasts call for unemployment averaging 7.8 percent in 1981. This is even higher than the unemployment figure for October.

Other economic forecasters are predicting a "double-dip" recovery where productivity will drop again before recovery once again continues at a slow, uneven pace.

What this all means to the American people is pointed out in a front page article in the Wall Street Journal yesterday: This country may be in for one of the longest periods of high unemployment since World War II.

We obviously cannot rely on the Federal Reserve, acting alone, to control inflation. In its attempt to control inflation, it has recently been raising the discount rate enormously, leading to the increases in the prime rate. These higher interest rates will inevitably bring about a slowdown in the recovery or even a new, painful recession and higher unemployment in the coming year.

PRODUCTIVITY-ORIENTED TAX CUT

It should be emphasized that there is a larger issue here than short-term recovery from recession. The issue is whether we are willing to admit that our nation needs substantial incentives to help revitalize its productive capacity. The trend is clear. In comparison to other major industrial nations, this country has increasingly older and less efficient plants and equipment, while our citizens devote a much smaller percentage of their income to long-term savings than their counterparts abroad. If we do not recognize that we must restructure our tax system to encourage individual savings and business investment in productive assets, this Nation's economy will never recover the vitality that once made it the model for the world.

We must act now to assure that we can have a productivity-oriented tax cut in 1981 similar in scope to the Finance Committee bill.

We should provide for a tax cut which will contain significant rate reductions for all individual taxpayers and encourage these individuals to save for their futures. This tax cut should also provide for accelerated capital cost recovery to encourage business investment in new plants and equipment. Both these measures are fundamental to any long-term economic recovery.

The Finance Committee bill contained several other significant tax reductions which would provide substantial tax relief without also causing an artificial, inflationary impact on the economy. I am hopeful that similar provisions will be included in next year's tax cut.

PLAN AHEAD FOR TAX CUT

If we are going to be realistic about enacting a tax cut next year, we must now provide for the tax cut in the fiscal year 1981 budget.

There is no reason for anyone to deceive himself about the inevitability of a tax cut next year. It will happen. If we do not make room for it in the budget now, we will just be making more work for ourselves next year.

Our amendment would simply allow in the budget for significant tax reduction beginning in fiscal year 1981. This tax reduction would be carried through in the fiscal year 1982 and 1983 revenue figures.

This will increase the deficit anticipated by the budget resolution. However, I believe and expect that significant offsetting spending reductions will be made. President-elect Reagan has already indicated that he will move quickly in this area. There is no reason to believe that Congress will be reluctant to follow through.

Mr. President, it is my hope that this effort will succeed today, not as an affront to the Budget Committee, or the budget process, but as a signal to millions

of taxpayers, and as an article of faith as far as the incoming President is concerned that we do mean business. We will pass a budget resolution that makes way for his proposal, or modifications of it, early next year.

I thank the distinguished Senator from Delaware for yielding.

Mr. BRADLEY addressed the Chair.

Mr. ROTH. I yield 2 minutes to the distinguished Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. I thank the Senator from Delaware.

Mr. President, I am pleased to join the Senator in cosponsorship of this initiative. The next administration, I think, has a very real opportunity to achieve a degree of bipartisanship in economic matters that we have not seen in a long time in this country.

I think its central plank of a bipartisan economic policy is going to be in the area of taxes, is going to be in the area of reducing tax burdens on businesses and on individuals, so as to free up the kind of investments needed to make this country productive again and competitive in world markets.

There can be some disagreement on the composition of an ultimate tax cut. I think the amount we are providing for in this amendment, $18 billion, is sufficient to take care of the kind of issues we raised in the Finance Committee this year in a bipartisan manner and reported out in a bill which I think did responsibly address our economic situation domestically and internationally, businesses and individuals.

I think, Mr. President, as we go into the next year, the American people are in a very great deal of distress.

The results of the election in November, I think, were a very clear vote about their economic circumstances. They are looking to Government to do something.

I know that many of my colleagues say they never heard individuals calling for tax cuts out on the stump. I think individuals call for tax cuts in various ways. One of those ways is the frustration they experience and express in a kind of inarticulate way about their economic circumstances, and that they call for relief, and that we have an opportunity not only to provide some individual relief, but also, we have an opportunity to rebuild the productive capacity of this country, so that we can begin to produce goods and are competitive in the world market, and to give people a view that the long term is not as uncertain or as fearful as many people feel today.

A tax cut is not the only answer. As I said on this floor almost a year ago, during the consideration of the first budget resolution, I, for one, would support a tax cut over a balanced budget. I believe that it is more important in coming to grips with our economic circumstances. I believe it is more important for the long term, and it is more important if we are going to begin to change the expectations of the American people, that Government can do something to improve their circumstances, that Government is not just the body that imposes the unnecessary and costly requirements that trouble their lives, but that Government can respond and provide relief when they need it.

Mr. President, I believe this is a very constructive measure, and I am pleased to join in it as a cosponsor.

To those who at this stage of the game are so dramatically concerned with the budget, I argue that the budget, as we learned 4 or 5 months ago, is nothing but a cluster of assumptions. I have the greatest respect for the budget process. However, to deny room for the next administration to chart an economic policy that is premised upon this kind of tax initiative would be foolish, I believe, and would not be in the best interests of the country, of all Americans, both Democratic and Republican.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from New Mexico (Mr. DOMENICI), a principal cosponsor of this measure.

Mr. DOMENICI. I thank the Senator. I do not believe I need the entire 5 minutes. I just wish to make a few very basic points.

First, Mr. President, I think everyone should know that taxes have reached the highest level in all the history of the United States of America—in excess of 22 percent of our gross national product. That is higher than in the second year of the Second World War, when America was committed to winning a war and had all kinds of surcharges, excess profits taxes, and excise taxes.

Now we are wondering why our economy will not grow. Twenty-two percent plus—the highest in history.

Some say this is a tax cut, this recommendation, general policy guidelines for a tax cut. That is right, but only in a technical sense, because the new revenues taken from the American people by way of taxes for 1981 will be about $98 billion. I believe that anyone who wants to put a simple arithmetic calculation to that will conclude that this, indeed, is not a tax cut at all: 98 versus something like 22; $98 billion in new taxes that people will pay under current law versus an annual cut of about $22 billion, if this finds its way into law and reforms the tax structure of the country.

If there is one thing we are all struggling with, it is economic recovery, a growing American economy, 3 or 4 years of stability, and a game plan that is consistent and persistent, which gives the enterprise system an opportunity to flourish and add jobs—economic recovery.

I do not believe that many people who have looked at the past will conclude that America can have a vital economic recovery in 1981 and on into the next decade without significant tax cuts. So I believe this is a policy decision for sustained economic recovery.

The truth of the matter is that tax cuts are going to occur in 1981. I do not know why we should hide from it. I hate to see a budget resolution that is more in deficit than the one recommended by the Budget Committee. However, the truth of the matter is that we are going to have tax cuts. They are going to occur in 1981. Why fool anyone? Put in a realistic assessment of that now, make room for the various economic plans, and, in particular, give the new President an opportunity to recommend his package, and leave room in this resolution for it.

There are those who will say that when added to the already high deficit that is in this resolution, we obviously should do something different. That is right. We should be cutting in a real way, in a way that can see the light of day as to the outlay, the expenditure side of this budget.

I look forward to the early months of next year with proposals that will ask Congress to begin an orderly cutback in the expenditures of our Federal Government. So I do not look at this as a singular policy of tax cuts, but I believe it is going to be coupled with orderly reductions in the outlay side. That is not possible in these waning days. It would not get through. Everything is already in motion, and we look forward to the early months when that can be recommended as part of a tax-cutting package, cutting through reform, productivity oriented, along with recommendations for changes in the outlay or expenditure side of this budget.

So, while Americans take home less each month, we should send a signal that we want that change. While most American industry does not have capital to grow, the lowest level of capital investment in history and the lowest among the free nations, we are giving a signal that this change will have tax reform that will accommodate these kinds of things.

I thank the Senator for yielding; and, on his behalf, I ask for the yeas and nays on the amendment.

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

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, the approach of the Senators is pellmell down the road for a tax cut, that a tax cut is going to come, that it is a foregone conclusion right now. That is the way they start every discussion with respect to a tax cut.

Assumedly, they say, "Look, anybody in public office should know what is good politics, and all the people are for a tax cut."

Generally speaking, that was correct, except during the last year. What really occurred was a sobering of the American people and a great undercurrent of concern as to who was in charge of the store, and whether or not we could get this Government back into the black.

Well, give me a chance to talk about what the American people want, because I travel, also, and I seem to have done fairly well. While they were talking about various things, they were talking about these things which I find pretty accurately reflected in last week's U.S. News World Report as to what influenced the voters.

On page 39, they talk about the Reagan victory. We usually take polls na-

tionally of about 2,000 people, but 12,782 voters were asked: "Which issues were most important in deciding how you voted?"

Among the Reagan voters, 40 percent said "inflation and the economy," while 6 percent talked about a balanced budget.

You are not affronting the Budget Committee and the budget process. We fought a rear-guard action and feel pretty successful. We are not omnipotent. We cannot hold back the entire tide.

If they want to act like Finance Committee members, so that they can make their little record and 2 years from now say, "I voted even before President Reagan; I did this," that is the only chance we get, I suppose, for leadership, unless we get into the real merits, not how I voted. They can tell what your stand is and whether you are really concerned about inflation. You cannot go in two diffferent directions. You cannot talk about cutting revenues. It is not a tax cut. It is a revenue cut.

Reagan voters, 40 percent inflation and the economy, 26 percent a balanced budget, and then 13 percent said reducing Federal income tax.

And interestingly, as to the Carter voters, only 7 percent of the Carter voters said reducing the Federal income tax, while the highest percentage again was inflation and the economy. It is a very interesting chart.

The Budget Committee did not make that chart. They are concerned just exactly like this week's Newsweek, and I quote from the business section:

The central and potentially dangerous plank of Reagan's economic platform is the Kemp-Roth tax bill, a plan to cut personal tax rates by 30 percent over a 3-year period. Taken in isolation—

This is not an economics class. You cannot buy a car at 16.4 percent out there. You cannot build a home if we add to the deficit. That is not going to help. Here is what they say:

Taken in isolation the idea is impeccably grounded in classical economics. Reducing the taxes on each incremental dollar of income can produce a strong incentive for additional work savings and investment. Such tax cuts would not be inflationary, the theory goes, because they would so stimulate extra work that the Government would quickly recoup lost revenues from an expanded tax base. Given the inflationary bias built into the economy, however, serious analysts and much of the public quickly recognize the proposal as a transparent invitation to a free lunch.

Now I think that crowd came out for Ronald Reagan, if I am not mistaken. I think Newsweek did, not the Washington Post, but Time—one of them—I do not know—but in any event, I think it is a pretty objective analysis of exactly what we have.

So, yes, we are going to get a budget. We are going to try to hold down the deficit. We are going to chastise the Democrats because they did not get a balanced budget, and we did not get it. We tried. We cannot get it. We would love it. We are doing our best. But that is not reason to break the discipline now and talk in the other breath and say now we are going to cut the revenues.

How in the world can we do that? Why cannot, Mr. President, they let Reagan be the President? Is that not the one they elected here 2 weeks ago? Every one of these Senators running for President is still running. Let the gentleman get in and let him analyze and let him hear, if you please, exactly what I have been trying to hear, listen and learn, and I am looking for the other quotes because it quotes President Reagan's economists. They have got to make the statements to protect him in the media and the press. They are not going against him. I understand that. But everyone to a man said no stimulus and no tax cut. Get first on top of inflation.

And that is exactly what we did in this budget report. We said:

Enactment of a tax cut at this particular time would be seen as a major reversal in economic policy indicating abandonment of the fight against inflation.

That is what is wrong with this vote right here at this time on the Roth-Dole tax cut. I cannot keep up with all the names. They have way more. I do not have one right now. But if I had one, it would be the one that was recommended. Perhaps the President would get to that particular point, namely first cut spending. Here is the next paragraph. This is our Budget Committee report.

Of vital consideration in planning for tax cuts should be spending restraint. Many economists have urged the Congress to demonstrate successful control of spending before embarking on tax reductions.

Mr. President, we put on page 33, if you look at the committee report, "A tax cut in 1982, beginning at a very minimal level, going up 1983, 1984, and 1985."

But that is the way to give the President of the United States a chance to get on top of inflation and the country in turn to get on top of inflation.

But to come with a tax cut now says, unlike what the Speaker of the House of Representatives said yesterday, that we are going to give you at least a 6-month honeymoon, we are not going to give him on the Senate side a 6-day one. We are going to give him a tax cut, our tax cut, the way we want it, like it or not, in the amount and the size and everything else of that kind.

I think it would be a bad message. I think one great message that we could possibly send is if we could adjourn with a budget resolution that would keep us around that $18 or $20 billion deficit, fine. But what does this mean? This means at least $35 billion—that is the Senator's arithmetic—with the stimulus, because the fact of the matter is the Government is collecting $281 billion in individual income taxes and 10 percent of that under this particular amendment would be $28.1 billion. You say that it is not going to come into effect until January 1, so then that would mean only $17.8 billion. But then you want to credit yourselves for a $5 billion reflow of funds under the Laffer curve or whatever that thing is. They did not even bring him around the last 2 months.

Do not tell me what the American people want. Yes, business and industry are looking for retooling and all these good arguments about competition, increasing the industrial capacity, steam back the productivity, compete with Japan and West Germany. Those are sound, but not this Kemp-Roth, Mickey Mouse, across-the-board free lunch, "Look here, we are going to get the Government off your backs" and all that kind of stuff when we are going to put inflation on your backs. Be honest with the people. The people are beginning to realize, as they say right here in that business section, that there is no free lunch, and I wish they would go to that victory lunch now and talk seriously to the President-elect so they can understand the economics of this situation.

There is not going to be that $5 billion because that $5 billion does not assume any inflation.

What really does occur? Can you imagine in an inflationary economy with 16.4-percent interest, we have intelligent Senators coming on the floor and saying, "I want you to pass this stimulus." And they will probably get a good vote for it, maybe a majority. I do not know.

But that is what they wonder about their Government. We have one hero on my side. He says he is going to organize an institute for commonsense.

Then we are going to have to get someone to straighten out Senators and tell them to cut out the posturing and talk sense and get the people's vote that way.

We do not need a stimulus. We had to tell our poor friend, the Senator from Massachusetts, that in New York in August, and no one adopted his program. I never heard of it, saying we wanted more stimulus, but now the election is over. They have the audacity to come here and say look what the Finance Committee did, look what the committee did. Look what this Senator did.

Well, you are wrong. You are just mistaken. You are in the heat of politics. You did not talk to the economists because they would not come now and say we need a stimulus.

We need to cut that spending, and we are doing it, trying to do it in a realistic fashion. We are going into that conference this afternoon and we will try to cut back and get the low figure out in the House of Representatives and the Senate so we can go home and let President Reagan run the Government and not all these Senators, or at least let us do it constitutionally.

I just had the State, Justice, Commerce bill, and we talked about the Constitution for 4 or 5 days.

Here Senators pellmell down the road. They do not want tax cuts to start under the Constitution and the House of Representatives. They want to put their tax cut on now.

There have been no hearings in Ways and Means. They have resisted it, and I admire them for it. I think AL ULLMAN took a very strong position, and I ad-

mire him for taking that position against the tide.

I know the politics of trying to promise people that free lunch, but even those promises do not go so far.

You can get Government off their backs by getting inflation off their backs because when you put this in here is what actually occurs.

Mr. President, I put this table in yesterday, or the day before, when we started, whereby inflation cost the Federal Government money, in other words, to stay even with the board, and in our appropriations already we find with the inflationary impact that is already ground in that in order to just keep the program current, when we sat down in the Budget Committee, we had to come up, if we wanted to keep them current, with $2.7 billion because there is no big slush fund. Inflation costs the little man, the big man, the poor man, the rich man, the Government itself money.

If we want to keep inflating Government, because the tendency is taken not to go backward in health, not to go backward in education, not go backward in transportation, certainly not go backward in defense, then we have got to appropriate more moneys.

So what in essence you have done is not only gotten a stimulus to the economy, you are asking for an increase in what? The size of Government. Do not put this out talking in terms of "we are going to diminish the size of Government" because, Mr. Senator, you are increasing the size of Government.

Put your spending cuts in. That is what the people are interested in. Let President Reagan put them in. He is working on those things. Give the man a chance and let us work as a bipartisan group to cut back on that spending and bring it back into the black, and then we can go with these individual income taxes across the board instead of going into the mainstream of consumerism and inflating the economy all over again.

I am reading again from the same U.S. News & World Report issue of November 17:

> Reagan's sweeping cuts in personal taxes, which resemble the much debated Kemp-Roth bill, have inspired skepticism. Many legislators, including a number of conservative Republicans, fear that such a hefty rise in spendable income would cause massive inflation.

So we are not speaking in a partisan fashion. We are trying to talk commonsense. But they have been denied, properly denied. The people have a good feel, and they are ready to take the bumps, they are ready to join in the discipline. They are ready for President Reagan to make his hard decisions, and they are going to support him. But do not hemmorrhage the spending already in the name of getting Government off the backs by increasing its size because that is exactly what economically you are doing now. You can give me the theories all you want, but we have listened to the economists, and we have listened to the CBO reports, and we look and see it and we are trying to get on top of it. The worst signal we could send at this particular time is that we wanted a large tax cut, Kemp-Roth across the board, because that is what the people voted for 2 weeks ago. Absolutely not.

Look at what they voted for, the Reagan voters or the Carter voters. They did not vote for that. They hopefully said, "Let us get anybody into this town, even though he is a movie star, and let us, by gosh, get on that crowd and, for heaven's sake, get on top of inflation."

I thought we could escape without this. I think it ought to be taken note of that they do take cognizance of the fact of the hesitancy here this morning when we are supposed to commence at 11 o'clock, they could see this was sort of preempting the administration.

The deficit is going on up to $34.7 billion or $35 billion in deficit. I would implore our colleagues at this particular time, let us not double the deficit. We have got a large enough one there now.

I did have to answer to that one during the campaign. They tried to say we hid it. I said, "Hide? I have got a green book." I used to run around the campaign with a green book. We did not hide. We printed it, and then we talked at the National Press Club about the deficit.

So we voted, this particular Senator, in August, and we did not finesse. We were required to, due to the politics over in the House side. There was just no way in the world to pass a budget resolution at that time. But all of that is by the board right now. What is concerning everyone is that we hold tight, let the new President come to town, hold the deficit down as much as we possibly can. Certainly if we cannot get it balanced, do not double the $18 billion to $36 billion in the name of getting Government off our backs, and let those tax cuts come in on the supply side, as all the economists say.

I know because I have talked to President-elect Reagan's economists, and they do want it on the supply side. They do not want the across-the-board inflationary impact. They want it retooled. They want guarantees under depreciation allowances, which you have in the Finance Committee, that you get those investment credits when you invest. Those depreciation allowances are there so that they can build back American industry. We are not against that. We think it should come in on the minimal side, but do not start it at this particular time and double the deficit in the name of getting Government off our back, and minimizing the size of Government, when the truth of it is we have not cut down the spending, and many, many on both sides of the aisle are talking about increasing defense spending even more than what we have in this one. We have gone up to $159 billion, almost $160 billion, in outlays under that 050 function, and that is a substantial increase this year over last year, this 1981 fiscal year.

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

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. How much time does the Senator from Delaware have remaining?

The PRESIDING OFFICER. The Senator from Delaware has 14 minutes, and the Senator from South Carolina has 26 minutes.

Mr. ROTH. I yield 3 minutes to the Senator from Oklahoma.

Mr. BOREN. I thank my colleague from Delaware very much.

While I certainly respect the effort my colleague from South Carolina has made to hold down Government spending, and I applaud him for it, and I have consistently supported him in those efforts, I even supported yesterday the motion of the Senator from Wisconsin to make further deep cuts in the budget, I think spending cuts are very, very important if we are going to get our economy on an even keel but, at the same time, I have to take exception to his comments that those who are supporting room for a tax cut in this budget resolution are doing so so that later they can point back to it and say, "I made a record in favor of a tax cut at a certain time."

I would say to my distinguished colleague that there are those of us who feel very strongly we should make room in this budget resolution now for a tax cut not because we are seeking some political advantage from it but because we think it is right for the country.

I ran on that same platform in 1978, I believed it then, and I believe it now. For the past 2 years I have had the frustration of sitting here and seeing the Congress of the United States not take sufficient action either in cutting spending or in reducing taxes to confront the basic economic ills of this country. I think the people have had enough of it and, frankly, I, as an individual, have had enough of it, and I do not intend to sit here and remian silent any longer when we are only saving 3 percent of our gross national product, when we are only reinvesting that amount, which means we are not doing anything to get the productivity of the workers of this country increased.

We are not doing anything to help us regain our share of the world markets, and we have sat here and lost 23 percent of the American share of the world market in the last decade, and unless we do something we are going to lose 23 percent more or even worse in the next decade.

So I think it is a time for us to stop talking. We are not endorsing any particular kind of tax cut here. I applaud the fact that unlike the House Ways and Means Committee the Senate Finance Committee, in a bipartisan 19-to-1 vote, had the courage to take up this issue, and to try to get action for the American people instead of stalling it like the House Ways and Means Committee did.

The Finance Committee faced up to its responsibilities and said it was now time to begin the retooling of and rebuilding of this country. They said, "We are not satisfied to sit back and say that we are willing to have for our children and our children's children a diminished role for the United States of America, a declining economy, a No. 2 status in the world in terms of economic leadership."

Yes, I want spending cuts, I want more of them. But I think it would be highly irresponsible for us to pass a budget resolution which does not leave room in it

for the President-elect to try to meet his promise to the American people during the election to bring about tax reductions and to bring about tax reductions that will stimulate capital formation in this country.

I say that not as a Democrat, not in a partisan way, but simply as an American citizen who wants to see the new President have an opporunity to meet his responsibilities to the American people, and I think it is time for all of us on both sides of the aisle——

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

Mr. BOREN (continuing). To get together and do something to help us rebuild this country and not to wait any longer to do it.

Mr. ROTH. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I congratulate my distinguished friend from Oklahoma for his comments, because they articulate in many ways what I had planned to say.

Make no mistake, what we are talking about today is the rebuilding of America.

I heard my distinguished friend from South Carolina, whom I warmly respect for his acumen and his ability, I heard him speak, however, about the polls, and I have heard a lot of discussion about polls as to where the American public stands. But I suppose that when the final chapter or bottom line is written it is what the people decided on November 4.

And I would just point out that one Presidential candidate stood for substantial tax cuts, including Roth-Kemp. I would just point out that 14 out of the 16 Senators who were elected on the Republican side ran on the Roth-Kemp tax cut. I can think of no more persuasive evidence than that.

But this is not a partisan matter, nor should it be. What we are trying to do is to make room for tax cuts; tax cuts that have been endorsed not only by the Republican side, but in the Democratic caucus; tax cuts that have been endorsed unanimously in the Joint Economic Committee, which has argued for over 2 years in its report that it is essential that we act on supply side tax cuts.

I just would read, for example, from page 9 of the February Joint Economic Report, where it said:

> The tax cuts to stimulate savings investment and competitiveness will put more goods on the shelves and lower prices, thereby reinforcing the anti-inflation monetary policy.

Mr. President, over the past many years taxes have been increasing. And I point out to my friends that increasing taxes has not meant less inflation. It has resulted in higher inflation. The problem is, of course, we have not made the basic structural changes of which taxes are only a part, but one of the most significant parts and most significant signal that we can give the private sector that the new administration is going to move in a different direction.

I might point out that like my friend from Oklahoma, I have been a staunch supporter for cutting spending. No one, I think, exceeds that record. Like the distinguished Senator from Oklahoma, I supported the distinguished Senator from Wisconsin yesterday in his efforts to cut spending.

But I wish to point out that there is a very real difference in talking about spending and talking about cutting as far as this budget resolution is concerned. If we do not make room for tax cuts under our budget procedures, we are out of order next year. We are out of order if we propose them. It will mean that either we will have to go ahead and adopt a third budget resolution, or we will have to get a waiver.

On the other hand, when President-elect Reagan comes in with his spending cut proposals we can do that with no violation to the budgetary process. All the budget process says is that we cannot spend more money than is incorporated in the second budget resolution. But Congress still can spend less and keep faith with the budget resolution. So there is a very real difference between the two.

If I had my druthers, I would like to have less spending because I think one of the things we have to grapple with is how we make the tax dollar go further and do a better job. And, please believe me, when you look at the great increase in spending during the 1970's, you cannot tell me that, by careful pruning, we are not going to be able to make some substantial savings and still provide better services for the people with humaneness and compassion.

The PRESIDING OFFICER (Mr. BOREN). The Senator's 5 minutes have expired.

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

Mr. President, all we are trying to do is to lay the groundwork for expeditious handling of tax cuts when the new administration comes into power.

As the Senator from Oklahoma and others have said, the sooner we are able to act on our tax proposals, the sooner we are able to get some certainty into the tax picture as well as elsewhere, the greater good we will be doing in creating a growth environment for this country.

It is important to the small business man and woman. It is important to the private sector to have some certainty. When they sit back in their offices trying to decide whether or not they should spend money for new equipment or what should be done in other areas, it will be very much of an affirmative factor if they know what direction we are going.

I would just say that all we are trying to do is to keep faith with the budget procedure and to provide for tax cuts next year. The exact shape will have to be determined then. I want to make it clear that as one Senator, as one member of the Finance Committee, I think it is absolutely important that there be substantial tax cuts for the individual, because the one thing we have to do in this country is to create an environment of savings, that there be greater savings on the part of the American people.

Let me point out, as the Senator from Oklahoma also pointed out, that the American people are saving less than 4 percent in good years; the Japanese save 20 to 24 percent; the West Germans something like 10 to 14 percent. What we have to do is provide tax relief along the lines of Roth-Kemp which permit the working people to keep more of their hard-earned dollars and build into the system some savings features that will create incentives for people to save rather than spend.

Do not tell me we do not have the money to do this. Because when you look at the fact that we are having revenues jumping up over $500 billion in 5 years, or doubling, there obviously is money available to do what is necessary. What I am looking for—and what I shall be fighting for next year—is a tax package that is going to create a growth environment, to create jobs in the private sector, to provide tax relief, not only to business, as some people seem to be arguing—and I feel that is important—but to make certain that the working people of this country as well have a piece of the action.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, with respect to savings, we can just listen to these arguments and we have been right down there. The arguments made by the Senator from Oklahoma and the Senator from Delaware with respect to depreciation allowance and rebuilding the American industrial machine, the arguments with respect to competing in international trade, the arguments with respect to savings—I cosponsored with Senator BENTSEN a thousand dollar writeoff on the amount saved from your income tax either by way of dividends or in particular in a savings account. In the windfall profit tax, we got $200 of that $1,000. Now that is the way to get savings.

What you do in passing Roth-Dole is to take away from the savings because this is inflationary. Let us get the right arguments in the right place.

They just come with a plethora, sort of an ambrosia of all the ills of Government, and then allocate it to this particular vote. That is a very unfortunate thing.

One of the most inspiring things I had during the campaign was the chance to meet and persuade a few of our retirees. One day I am going to be a retiree one way or the other. The reason I met with them was because they were looking for me, as I am on the top of the hit list of that group. There are 31,000 military and civil service retirees just in my own backyard, in the First Congressional District, much less other parts of the State of South Carolina.

I could get away from the politics and start talking about all the ills of trade, of all the ills of saving, and this and that, and say, "Is this fair, when you have a colonel in the Army and you give him a once-a-year, cost-of-living ad-

justment but for the fellow who is not doing the job, you are going to give it twice? He has not paid for it."

After we argued the case and they understood it, that we were not against retirees, that we had to get this fiscally sound, then I had military retirees stand up and say that they supported me. Of course, they were not in the majority.

If the American people are given the facts, they will understand.

This is not a vote for helping savings, but it is a vote to cause inflation, to erode that savings. This is not a vote to get Government off their backs; this is to get the Government larger and more burdensome on their backs.

Who was around when they wanted to cut spending? Not singling out any particular Senator, but who voted for those substantial cuts, the twice-a-year, cost-of-living adjustment, revenue sharing? I put in the first bill in January of 1967, and I still believe in it, and it is a good principle. But all of these things have a timing. At this particular time we are in extreme circumstances where we have to cut that spending and cut back on the deficit.

What about Saturday delivery of mail? There are all of these things.

It goes back to the Senator from Delaware. He made this great plea to have a balanced budget. So we went back in with a compromise Muskie amendment that what we would do would be to report out two budgets, a year ago. We would report out the budget we thought should be passed by the Senate and the other one to comply with the balanced budget idea. When we got down to the last day and the last hour, I said, "Now we really find out what the distinguished Senator from Delaware really wants. How are we going to cut that spending and how are we going to balance it?"

We looked on the right-hand side and one said maybe 5 percent, maybe 8 percent. They all started with percentages. One said to get the fraud and waste out. What we had to do was to take the lowest figures in any of the debates, adopt those, and take some other cuts to comply with that particular resolution.

In essence, what I am saying is it is very easy to come out here and say balanced budget, to have savings, compete in international trade and everything else. But, Mr. President, do not make the statement that you are not endorsing a particular idea. This has been Kemp-Roth-Reagan, Kemp-Roth, whatever it is. That is what it is now.

He said the first 10 percent on the individual income tax. That is where you and I are separated, Mr. President.

It is not the individual income taxes that start the inflation.

If you put it in gradually, you will have to pay for it. There will not be any of that reflow or the Laffer curve, whatever it is, all that theory.

The sooner we get to some certainty, as the Senator from Delaware said, the better. We are playing for keeps. There is a certainty in measuring these things on the budget. It is not a theory. The certainty has been that you have to cut that spending first; you have to get that spending down. We are doing our dead level best to do it and while we are doing it, trying to cut down that inflation, do not double the deficit in this particular vote and give the people more inflation and then say, "Well, we thought with the election of President Reagan and a new Senate we were going to have a new day and we would have some new responsibility."

The crowd that is supposed to lead it in a responsible way is going in the exact opposite direction. It is the exact opposite direction. It is irresponsible. I will say that now.

Mr. President, I yield to the distinguished Senator from Nebraska.

Mr. EXON. Mr. President, I thank my friend from South Carolina for yielding.

Mr. President, to stand on the floor of the Senate and to be voting against a tax cut, in whatever garb it is wrapped in, is not a pleasant situation. We politicians do not like to vote against tax cuts. But I think there are legitimate issues that address us in this whole area. I certainly know and appreciate the fact that many of my colleagues on both sides of the aisle have strong pro-and-con feelings on this issue. I think there is no question but what we are going to be addressing and voting a tax cut next year.

Mr. President, I just wish that we could slow down a little bit and not preempt the President-elect of the United States. He has been elected President. I am going to be cooperating with him in most instances, certainly everywhere I can. I am interested in hearing the recommendations of the new President on tax cuts, how deep, and where and why.

I certainly am for some type of selective tax cuts next year, in the area of increasing productivity, possibly encouraging savings, addressing the legitimate issue of the unfair marriage tax, and the fact that Americans, in general, are being eaten alive by the tax creep.

Those are areas where we have a responsibility, it seems to me, to address where we can make cuts in taxes so long as we are not taking action that is going to drive up the inflationary rate.

Sometimes I wonder in our haste to do things if we are not taking our eye off the real villian. I think the point has been well made by my colleague from South Carolina in an earlier statement where he said the people of this Nation are concerned about everything, but they are primarily concerned about inflation.

Mr. President, if we are concerned about inflation as the No. 1 economic ill of the United States of America, is it wise, therefore, to be voting on the floor of the U.S. Senate for a tax cut? I would again emphasize by whatever garb or motion this comes before our body.

Mr. President, yesterday on the floor of the Senate the distinguished Senator who will be chairman of the Budget Committee next year made a statement which I would like to read into the RECORD again at this time. This is Senator DOMENICI addressing the Senate yesterday:

> I hope everyone understands that Senator Proxmire has responded to my notion that even this distinguished President-elect and his best economists do not believe that we should have a balanced budget in this year or even next year.

Maybe that is true. I do not expect that we are going to try to hold the President-elect to some of the campaign promises that he made. It is typical for those running for office sometimes to go a little further than they should in reaching the legitimate goals that I think President-elect Ronald Reagan wants for this Nation. Nevertheless, if the man who next year will be the chairman of the Budget Committee has conceded that we will not have a balanced budget this year or next year, is this not a danger signal that everyone in this Senate should listen to? Was it not a danger signal that twice since the election the prime rate has gone up in the United States, primarily because, I think, the money markets are convinced that inflation is going to continue to eat us alive?

Shortly before the election recess, the Budget Committee, in discussions of the second concurrent budget resolution, heard 2½ days of testimony from some of the leading economists in the United States of America, all the way from Alan Greenspan, the chief economic adviser to President Ford and, certainly, a key man in the new Reagan administration, to Walter Heller on the other end of the political spectrum, and other economists in between. They all warned us about continuing inflation.

Mr. President, I was there during those hearings. I asked the bottom-line question of each and every economist who came before our Budget Committee. The record will indicate that when I asked the question of each and every one of these supposed experts—and I think they are experts—"What do you think will be the minimum annualized inflation rate for the United States for the next 3 years?" the lowest figure I got, Mr. President, was 8 percent a year. And that is without a tax cut.

Mr. President, I just do not believe, to use the words of the chairman of the Committee on the Budget, my distinguished friend from South Carolina, that there is a free lunch. Maybe I can be convinced that there is such a thing as a free lunch. But I certainly hope that we would give the new President of the United States a chance to come down with his programs, with his policies, before we rush into any move that could send further signals to the United States of America that we are going to cut taxes without—and I emphasize, unfortunately, "without"—making a corresponding reduction in expenditures.

Certainly, the chairman of the Committee on the Budget and all who have served on that committee know that the Senator from Nebraska was one of those there, day after day and night after night, who have voted in the Budget Committee and who have stood on the floor of the U.S. Senate and voted against—against, Mr. President—continued and ever-increasing appropriations in a whole series of areas that were

not particularly popular with the United States as a whole.

Therefore, I think this is a time for restraint. I think this is the time for us to recognize that we shall have a new President in January. I think we should give him time, out of courtesy to him, for him to come down with his recommendations before we rush into the further fueling of the fires of inflation, higher interest rates, and all the other economic problems that are causing great concern in America today.

Mr. President, I reserve the remainder of my time and yield back to the Senator from South Carolina.

Mr. HOLLINGS. Does the Senator from Delaware wish to proceed at this time? There could be a motion to table and I do not want to preclude it.

RECESS UNTIL 2:15 P.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 2:15 p.m. today, with the proviso that, at that time, there be 10 minutes, to be equally divided between Mr. HOLLINGS and Mr. ROTH, on the pending amendment and that no motion to table be waived; and that the Senate then proceed to vote.

There being no objection, the Senate, at 1:24 p.m., recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. EXON).

The PRESIDING OFFICER. The Senator from Virginia.

Mr. HARRY F. BYRD, JR. 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. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. HOLLINGS. Mr. President, I ask the distinguished Senator from Delaware, my understanding is that in his proposal, as he contemplates the tax cut, were it to be successful, it would be retroactive to January 1?

Mr. ROTH. It allows it to be enacted retroactively.

Mr. HOLLINGS. Is it the intent that the tax cut be enacted this year?

Mr. ROTH. No, it is not the intent.

Mr. HOLLINGS. We would have to use different economic projections.

How much time remains for either side, Mr. President?

The PRESIDING OFFICER. There are 2½ minutes to each side.

Mr. HOLLINGS. By way of emphasis for a couple of minutes, we are back down to the fundamental issue. The fundamental issue is to try to maintain as low a deficit, to approach as near as possible a balanced budget, as we possibly can.

There are those, such as the distinguished Senator from New Jersey and others in the body, who say they would prefer a tax cut over a balanced budget. But that has been the procedure for the past 10 or 20 years. We did have a balanced budget in 1968 and 1969, but at least for the last 10 years we have run up a cumulative deficit in the neighborhood of almost $400 million, all saying that we can hold back on taxes, we can hold back on revenues, and continue to spend.

We just cannot wait until the spending comes down below the line.

In essence, what we are doing on this particular vote, what we are asked to do, is to double the deficit. Where we had hoped to hold it to $17 billion or $18 billion, this would put us nearer to a deficit of $35 billion or above. My figures show it would be nearer a $40 billion deficit. That would be the worst signal we could give the American people at this time. The people of America want this national Congress to get the Government back into the black and cut spending. What we would be doing if we cut revenues would be to increase the spending and increase the size of Government. In other words, we would have to put in some $4 billion more in our defense budget, 050, in the second budget resolution to keep us current with the first budget resolution in the number of planes, ships, and other equipment.

The PRESIDING OFFICER. The time of the Senator has expired. The Senator from Delaware has 2½ minutes remaining.

Mr. ROTH. Mr. President, I believe that last November 4 the American people made a decision. They decided at that time they wanted us to develop an environment for growth. An environment for growth means less Government, less Government spending, and tax cuts to provide the wherewithal to create growth in the private sector.

Under our budgetary procedures, it is absolutely essential that we provide the means of making those tax cuts. Make no mistake about it. A tax cut in fiscal year 1981 is inevitable. Unless we make room in this budget resolution for the tax cut, we will be back early next year with a third budget resolution, or we will be forced to waive the Budget Act.

I should point out to my friends on the other side of the aisle that the shape of that tax cut, of course, will be determined next year by action of both the House of Representatives and the Senate. Today, I would say we are not voting for a particular tax cut, even though I am a strong advocate and will continue to fight for the adoption of Roth-Kemp.

Mr. President——

Mr. BELLMON. Will the Senator yield?

The PRESIDING OFFICER. All time has expired.

Mr. BELLMON. Mr. President, I ask unanimous consent that each side have an additional 5 minutes.

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

Mr. BELLMON. Mr. President, I yield myself such time as I may require.

Mr. President, I respect the desire of the distinguished Senators from Kansas and Delaware to make room for a tax cut in this budget resolution. They have worked hard for a long time for a tax cut and I understand their purpose. They have been strong advocates of a tax reduction and they feel that it is going to help productivity and investment.

But there is another side to this issue, a down side, and I want to take the time of the Senate to discuss it for just a moment.

I strongly oppose the inclusion of a tax cut in the budget resolution because I cannot support the addition of billions of dollars to an already multibillion dollar deficit. That is what we are talking about here. We do not have a dime to provide for this tax cut. We are going to have to borrow the money. It is for that reason that I oppose it.

I indicated in the opening statement that I made on the budget that without any additional congressional action the actual spending level in fiscal 1981 will be somewhere between $640 billion and $648 billion, not the $630 billion in this resolution. That means that without the tax cut the deficit will be $30 billion or more. This tax cut which the Senators from Kansas and Delaware are proposing would raise the deficit to nearly $50 billion.

Members of the Senate ought to know what they are voting on. This means that our deficit will go somewhere in the range of $50 billion. It will be the third largest Federal deficit in the history of the country.

Borrowing money to cut taxes simply means greater inflation and higher interest rates. Any benefits received will be quickly lost through decline in purchasing power as prices and interest rates rise.

Mr. President, for the Federal Government to adopt a substantial tax reduction in the face of this overwhelming deficit is like a corporation that is already losing money borrowing from a bank to pay dividends to its stockholders. This is clearly counterproductive. It is even dishonest because it would weigh the corporation down with burdensome and unproductive debt and, secondly, it deceives the stockholders into believing that the company is an efficient concern.

The Federal Government is already almost $1 trillion in public debt and Congress has not really begun to make the kind of spending cuts necessary to bring the budget into balance this year or any other year.

Mr. President, I have expressed these views frequently in the Chamber but I believe they deserve repeating one more time.

The Federal budget has been in deficit in 19 of the last 20 years.

Beginning in the late 1960's the Federal budget began to move further into deficit and inflation began to rise. The persistence of large and increasing deficits during the last 15 years has contributed to the rise in inflation and the expectation of continued and rising inflation. This is what has contributed so much to our problems.

Even during the most recent expansion, which was the longest peacetime expansion since World War II, the lowest deficit the Federal Government ever achieved was $27.7 billion and the deficit in fiscal year 1980, the year ending in October, was $59 billion. Inflation has accelerated to rates absolutely unprecedented in this country's peacetime history.

Mr. President, there are two types of

taxes, those that we impose on taxpayers in the broad light of day through tax laws and those, in my view, which are far more pernicious, those we impose on the whole society through inflation which we cause through our careless fiscal policy.

We can cut the tax rates contained in our tax laws all we want to but, I contend, Mr. President, that unless we hold the line on spending and balance our budget, we only raise the burdens that result from a rising inflation rate. The distinguished chairman of the Budget Committee made that plea in his opening statement and I commend him for what he said.

The American people are well aware of the effect of inflation on their real purchasing power and are not likely to support substantial tax reductions if these reductions mean large Government deficits and the prospect of high inflation. I quote from a September 3, 1980 Chamber of Commerce gallup poll survey of consumer attitudes:

First. A majority (48 percent) of the Americans polled want a tax cut only if there are spending reductions equal to the size of the tax cut. Only 10 percent would favor a cut in taxes without spending cuts.

Second. In addition, most people said that they would spend rather than save extra money received as a result of reduced tax rates. In other words, regardless of our best intentions, this tax cut will add more to consumption than to saving and, as such, will continue to raise the inflation rate just as more traditional spending stimulus has.

No one should be surprised at these results, Mr. President, Americans have consistently expressed these views, that they prefer to have the budget balanced rather than have a tax cut with borrowed money. Early last July, during the darkest days of the recession, the Associated Press conducted a poll that appeared in the Tulsa World. I quote from that article:

Americans came down solidly in favor of balancing the budget over cutting taxes. Fifty-seven percent said they would choose balancing the federal budget, while 33% picked cutting federal taxes.

This poll concludes—

That the public believes balancing the budget is more important than reducing taxes. There is a wide perception that a tax cut could worsen the nation's inflation problem.

I ask unanimous consent that this Associated Press article be printed in the RECORD at this point, Mr. President.

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

MOST AMERICANS DON'T BUY TAX CUT ARGUMENTS, POLL CLAIMS

DETROIT.—Republican and Democratic politicians are scrambling to lead the tax-cut crusade this election year, assuming that inflation-weary voters want nothing more than a slash in their federal tax bill.

The politicians are wrong.

An Associated Press-NBC News poll says the majority of Americans do not look favorably on a tax cut and do not buy the arguments for one that are being pushed by Ronald Reagan and Republican congressional leaders.

The poll shows that the public believes that balancing the budget is more important than reducing taxes. There is a wide perception that a tax cut could worsen the nation's inflation problem.

They don't see a tax cut helping their personal financial situation. If there is a cut, most Americans say they would use it to pay day-to-day expenses or pay outstanding bills.

Reagan has made cutting federal government and cutting federal taxes a centerpiece of his challenge to President Jimmy Carter. In June, congressional Republicans began intensive efforts to enact a 10 percent tax cut effective Jan. 1, 1981, as the first step in what they envision as a multi-year tax cutting program.

In response, Carter and congressional Democrats have promised a 1981 tax cut of their own concoction.

But the public isn't entirely enthusiastic about these efforts.

Asked whether Reagan's proposal shows that he understands the needs of the American people, or whether it was an election-year political gimmick, 19 percent of those interviewed said Reagan understands the needs of the people; 71 percent cited election year politics. The remainder of the 1,049 adults interviewed by telephone nationwide were not sure.

Inflation remains the nation's top economic problem in the minds of most Americans. That concern is nowhere more clear than in the reaction to a possible tax cut.

Asked whether a tax cut would help their personal financial situation or would hurt it because such a slash might worsen inflation, Americans said a tax cut might hurt.

Fifty-six percent said they would not be helped by a tax cut, while 31 percent said they would be. Thirteen percent were not sure.

Past AP-NBC News polls have found substantial support for balancing the federal budget, in part because some people believe that excessive government spending is a major cause of inflation. But there also has been support for cutting federal taxes.

In this latest poll, conducted July 8th and 9th, Americans came down solidly in favor of balancing the budget over cutting taxes.

Fifty-seven percent said they would choose balancing the federal budget, while 33 percent picked cutting federal taxes. Ten percent were not sure.

Even if their taxes were cut, most people say they would spend the money, not save it.

Forty percent said they would use the money from a 10 percent tax cut to pay day-to-day expenses. Twenty-eight percent would pay off bills. Seven percent would use the money to buy something they wanted but could not afford in the past.

Another 28 percent said they would save the money from the tax cut, while 9 percent mentioned some other use or were not sure. More than one response was possible on this question, thus the total is 112 percent.

(Mr. MITCHELL assumed the chair.)

Mr. BELLMON. Mr. President, finally, this is simply not the appropriate time for the Congress to commit itself to substantial new stimulus and a substantial increase in the Federal debt. Mr. President, we have just returned from a major national election that brought with it sweeping changes. We will have a new President next year and I think that the Congress should assure the incoming President as much flexibility as possible in designing his policies. The economy is now recovering as dramatically as it declined last spring. Since July, industrial production has risen at a 17-percent annual rate and we have recouped over half of the employment loss of last spring. By September, we had reached retail sales levels that prevailed before the recession and total final sales in the third quarter grew at a 3½-percent annual rate.

These are extraordinarily strong indicators of economic expansion, and yet interest rates are also rising sharply. Just yesterday, Chase Manhattan Bank announced they had raised the prime rate to 16¼ percent and the rate on 3-month Treasury bills is now over 14 percent. An economic recovery cannot survive a return to 20-percent inflation and 20-percent interest rates—and that is clearly where we are headed if we cut taxes and borrow money to pay the costs.

I should like to say to the Senator from Delaware that 20-percent inflation and a 20-percent interest rate is hardly the environment for the kind of growth we need.

Our new President should have the opportunity to assess these events when he takes office and propose his own program accordingly. We shall have a third budget resolution. At that time, we can consider whatever kind of program he wants. Yes, President-elect Reagan has supported substantial reductions in tax rates, but he also supports substantial reductions in spending.

I submit that the two have to come together and this resolution does not, at this time, include substantial restraints on spending. It is my view that we should give him the opportunity to propose his program as he wishes, without prejudging the magnitude or type of changes in either tax or spending policies. To this end, I think we should provide the Executive, in so far as possible, a neutral budget—which I believe the present budget resolution is.

I caution my colleagues who may be tempted by this amendment that a vote to raise the deficit now may compound our very difficult economic problems, limit the ability of the President-elect to reduce the deficit later by proposing spending reductions, and may put the Congress and Federal Reserve once again on a collision course which can only result, as did earlier this year, in economic disaster. And I urge them to reject the amendment.

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

The Senator from Delaware has 5 minutes remaining.

Mr. ROTH. Mr. President, I yield 3 minutes to the Senator from Kansas.

Mr. DOLE. Mr. President, as the Senator from Kansas said earlier this morning, I know of no one I have greater respect for than the two Senators on the Budget Committee (Mr. HOLLINGS and Mr. BELLMON). I know that Senator BELLMON believes very strongly in the statement he just made. I find it difficult to find much fault with that. But again, I suggest that this year is about over. We are just about to get into the month of December and we are talking about "Don't do it now, let us do it in January or February."

It seems to me to be more realistic,

after all the debate and after all the election rhetoric is behind us now, that we would make room for the tax cut. It does increase the deficit. No one wants to do that, but if we take into account the minimum Reagan cuts in spending, 2 percent across the board with some exceptions, it would reduce the deficit about $21.7 billion as opposed to, I think, $18 billion without the tax cut being made room for.

The Senator from Kansas would suggest, as I have suggested before, that if we took a secret vote in the Senate and asked how many thought there would be a tax cut next year—even a public vote—I would guess it would be nearly unanimous. I am not so certain that what we do today is all that significant, particularly with the second budget resolution. Yes, Mr. President, there can be a third budget resolution. Normally, that would come about next May or June. It would require a budget waiver unless that were all done.

It seems to the Senator from Kansas that we can send a signal to millions of taxpayers that we have not given up, that there is bipartisan support for tax reduction. Let us not forget the $86 billion in tax increases in fiscal year 1981. We are talking about tax cuts of much less than that.

Mr. President, it seems to me there is some obligation to the American taxpayer. We are prepared to make spending cuts on this side of the aisle and, hopefully, on the other side of the aisle. The President-elect has pledged to make spending cuts. This does not do violence to the budget, does not add to inflation. But I believe it sends a signal to the American people and to the incoming administration: OK, we have gone ahead with the tax reduction; now let us go ahead with the spending restraint and let us get the economy moving again.

I thank my colleague, the Senator from Delaware, again for his leadership and for his yielding me the time.

Mr. ROTH. Mr. President, I wish to reemphasize once more what we are doing today. What we are doing is complying with the budgetary procedures to permit the new President-elect to come forth with his recommendations on tax cuts. If we fail to take action in the second budget resolution, then we have to wait—wait for a third budget resolution or get a waiver.

The chairman of the Joint Economic Committee this morning spoke on the floor of the Senate and said that the sooner we can get these tax cuts into place, the better off this economy will be.

Mr. President, I want to emphasize and reemphasize that not only Republicans but many of our Democratic colleagues have come out strongly in favor of a tax cut. I think it is important that we give the signal that the distinguished chairman-to-be of the Senate Finance Committee speaks of to the American people that we are keeping our word, we are keeping the faith. On November 4, they voted for a change. They want less spending and they want relief from the enormous tax burden now imposed on our economy.

To the distinguished Senator from Oklahoma, I point out that this action will permit a major tax cut to take place and, of course, under our budget procedures, we can hold down spending next year. That does not require further action under our budget procedures. We have set ceilings. If President-elect Reagan comes forth, as I know he will, with proposed spending cuts, that can be accomplished without further action insofar as the budget procedure is concerned.

So, Mr. President, what I say today to my friends across the aisle is, let us lay the groundwork for expeditious action come January on a major tax cut to create a growth environment in this country.

Mr. President, I yield back the remainder of my time.

● Mr. TSONGAS. Mr. President, I am convinced that our Nation needs tax reform to motivate production, investment, and savings. Moreover, the Senate Finance Committee tax cut bill which includes such essential items as accelerated depreciation and research and development tax credits is a bill I most certainly support.

Nevertheless, I cannot support Senator ROTH'S amendment. The mandate President-elect Reagan received compels all of us in the Congress to forestall the design of any long-range spending plans. We must provide our new President with as much budgeting and tax leeway as is possible. I refuse to support this amendment because it may, in the not too distant future, be interpreted as an attempt to force a tax cut, drafted by a Democratic Senate, down the throats of a new Republican President and a newly Republican elected Senate.

Yes, we need a tax cut. We must remember, however, that President-elect Reagan ran heavily, and most people believe won, on his economic planks. Therefore his thoughts on a tax cut warrant full debate and consideration. Let him send us his proposals in January. Let us have hearings in both houses and, finally let the voting on the resulting tax package be done by those who have been elected to lead in this 97th Congress.

Let me emphasize that I believe the Senate Finance Committee bill is an excellent blueprint for a final tax package and furthermore that the Kemp/Roth plan calling for a 30-percent tax cut on personal income taxes is inflationary, inequitable, and inconsistent with any reasonable approach to balancing the Federal budget. In spite of these beliefs however, I maintain we must allow our new President to share with us his prescription for improving our nation's economy.●

Mr. MITCHELL. Mr. President, I rise in support of the Boren-Roth-Dole amendment to provide an allowance in the second budget resolution for a tax cut for American workers and American businesses.

There can be no doubt of the need for a property targeted tax reduction.

There can be—and is—room for considerable disagreement over the form such a tax cut should take. Those decisions will be made by the 97th Congress.

But there is no good and sufficient reason for the 96th Congress to ignore the evident need for a tax cut, to ignore the evident bipartisan sentiment for a tax cut, or to ignore the very evident demand of the people for relief from the tax burden.

The House of Representatives has recognized this reality. The House provided a modest allowance for a cut predicted to begin next July. I think it more than likely, given the priorities of the incoming administration and given the needs of the economy, that a tax cut will take effect in January 1, 1981, not July 1. For that reason, I believe, the only sensible and responsible approach for us to take is to provide room in this budget resolution for the Senate to consider and pass a tax cut in an orderly fashion next year.

Making that room in the resolution today will permit us to consider a tax reduction on its merits, as we should.

If the new Congress is to write a reasoned, targeted tax reduction to provide incentives for the business investments and productivity increases on which the future prosperity of all our people depends and lighten the tax burdens on individual workers and working married couples, then we must be able to do so without parliamentary maneuvering or institutional hurdles in the form of a restrictive budget resolution.

I recognize the argument that this is not the time to contemplate a tax cut that this Congress will have no hand in shaping.

I am aware of the argument that we ought to do everything in our power to hold down the deficit by spending restraint.

As the newest member of the Budget Committee, I am well aware of the difficult, tough decisions, and choices already made to hold down the rate of growth in Federal spending. And I have no illusions about the fact that next year's decisions and choices will be even harder. The members of the committee and the Congress will have to exhibit tremendous stamina if we want to stay on the path that this year's budget plan has set and reduce the rate of spending growth and restrain the entitlements which trigger so much automatic spending.

But the events of this past year ought to demonstrate that curbs in spending by themselves do not nullify the effects of inflation on the budget. Between May and August a budget that had been precariously balanced, without a cut, found itself in the red to the tune of almost $20 billion: Not from any action of the Congress, not from any inaction of the Congress; but purely because inflationary increases in entitlement programs trigger direct Federal spending; unemployment reduces Federal tax collections, and the price the Federal Government must pay for everything, from airplane fuel to paper clips, goes up in an inflationary economy.

Holding back on spending growth and restructuring entitlements are both

things we have to do in the future, as we have tried to do this past year.

But that ought not blind us to the other needs of the economy or to our responsibility to shape our economic environment in response to those needs. Improvements in the productivity and growth of our economy are needed, and I believe they can best be achieved through selectively targeted tax reductions.

The provision of room in the budget resolution does not commit us to any specific form of tax cut. It does not require us to write a cut based on this or that particular bill. It will simply set a realistic upper limit on the scope of the tax reductions that can be considered for the present fiscal year.

This amendment provides for a fiscal year tax reduction of $22 billion. This is the 9-month equivalent of a $39 billion, annual tax cut.

Numerous proposals have been advanced as to the form such a cut should take. The Finance Committee has reported for Senate consideration a responsible and well-targeted bill that strikes a good balance between the need to offset the higher social security taxes that go into effect next January and, at the same time, provides relief and incentives to our business sector to make the investments in capital equipment and machinery which our industry needs if it is to compete in the international marketplace.

At a time when a huge proportion of our economic problems stems directly from import competition and stagnant productivity, this Congress should not ignore its duty to establish the kind of climate in which businesses can modernize operations, increase output, keep overhead costs down, and provide the jobs that so many of our people need.

Making room for a tax cut in the budget resolution is not an abdication of our responsibility to restrain the growth in Federal spending. Nor do I believe that our business sector or our international trading partners would read such a message into our action.

The unemployment and stagnant economic conditions we face today represent as much a drain on Federal resources as the proposal to reduce the tax burden. Working men and women pay taxes—they do not draw upon the Federal Government for unemployment insurance, for food stamp aid, for other income support programs. Working men and women in a growing economy do not retire early; they do not seek to leave the uncertainties of the work force for a smaller, but assured stipend from the public sector.

Putting Americans back to work will do more to reduce the drain on Federal resources and bring our budget into balance than any amount of selective cutting into program operations, necessary as that is. For the entitlements in the Federal budget force spending to rise when unemployment rises. Unless we are prepared to advocate an end to all unemployment compensation, to social security, to all the programs by which we have attempted to cushion the economic downturns that are part of our economy—a course which no Senator, to my knowledge, advocates—we must recognize that a stagnant economy with high rates of unemployment will cause more Federal spending than we can afford.

More important, we must recognize that it will drain a far more important resource: The working lives of many of our citizens will be wasted in such an economic climate, with no benefit to the Nation, no help to themselves, and no reduction in inflation.

The essential component of a targeted tax cut is its effect on productivity. There can be no doubt that our mature industrial plant is at a disadvantage when we try to compete against the output of countries whose industrial plant was essentially built within the last 30 years. Unless our businesses can modernize, can afford the investments in plant, machinery, and equipment necessary to increase output and to raise the level of economic activity, our industrial productivity will continue to lag behind that of the rest of the world.

We in Congress must recognize that we have a role to play in creating the economic climate in which new equipment purchases and plant modernization can take place.

I believe this amendment to the budget resolution offers us an opportunity to play that role.

It does not commit us to any specific kind of tax cut. It makes no assumptions about the kind of relief we ought to provide for individual workers or for smaller businesses. It simply gives us a framework within which the Congress can shape a targeted, responsive tax cut to help speed our economic recovery.

Like every other Senator, I have priorities that I believe a tax reduction ought to reflect.

I believe firmly that some relief must be given to working married couples from the double-tax effect they suffer when their two modest incomes are taxed at rates intended for wealthier individual taxpayers.

I believe firmly that some offset to the social security tax increase must be made. It may be possible that the full costs of that increase cannot be offset if we want to provide other kinds of tax relief: But some reductions are needed.

I believe firmly that small business—the most creative sector of our economy, the sector that provides the lion's share of new jobs—must be given the relief it needs to expand, to grow, to modernize and to innovate. Tax benefits for research investments, accelerated depreciation allowances for equipment purchases, a larger exemption from the income tax rate designed for large corporations: All these provisions would help smaller businesses build up the kind of effective, investment-oriented base from which to enlarge their contributions to our economy.

All these kinds of tax relief are now reflected in the bill reported by the Senate Finance Committee—a tax bill that a majority of Senators instructed the Finance Committee to write this spring; a targeted, productivity-enhancing tax measure that will provide relief where it is needed and where it will do the most good. But the important thing is that this allowance does not commit us to endorsing one or another specific kind of tax measure. It simply provides the room within which we can consider proposals like the finance bill next year, and any others that may be suggested. And it will send an important signal to the country, both to American workers and American businesses, that the Congress recognizes that tax relief and tax incentives are needed to sustain and improve our economic recovery.

It will send a signal that the Congress recognizes that an economic climate in which productivity and job creation are enhanced is the kind of economic climate toward which we must move.

And it will send a signal that we are willing to work for an economic recovery with all the tools at our disposal.

Yesterday, we heard that the spending in this budget resolution had actually been held below 1980 levels in real, uninflated dollars. The spending side of this resolution sends no inflationary signals. The arduous and controversial process by which the Budget Committees and the Congress have sought to hold down spending, reduce growth in programs and rewrite some entitlements to prevent future expansion in spending are all adequate demonstrations of our commitment to enforce spending discipline.

Let us now send the signal that we understand the need to enhance the climate for industrial investment and economic productivity, as well.

This spring I opposed—and I would oppose again next spring—the kind of indiscriminate, untargeted tax cut with which the Senate was presented—a straight individual tax cut, with no effort to provide greater relief to middle-income workers; a depreciation proposal that threatened the economy with an inflationary speculative boom in commercial building. We did not need such a tax cut then, and we do not need it now.

The bill reported by the Finance Committee avoids indiscriminate, untargeted tax reductions. It is carefully drawn and provides the kind of selective relief that will fulfill the congressional responsibility to shape our economy to respond to the need for enhanced economic activity.

I do not know if the new Congress will have the opportunity to vote on a similar bill or some other proposal. I know, for myself, that this bill provides the kind of approach that I think is workable, and that is eminently justified by the economic needs of our working people and our businesses.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. BELLMON. Mr. President, I move to lay the amendment on the table.

Mr. HOLLINGS. I ask for the yeas and nays.

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

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the amendment on the table. The yeas

and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Dakota (Mr. McGOVERN), the Senator from Montana (Mr. MELCHER), and the Senator from North Carolina (Mr. MORGAN) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS) and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that, if present and voting, the Senator from Texas (Mr. TOWER) would vote "nay."

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

The result was announced—yeas 40, nays 55, as follows:

[Rollcall Vote No. 473 Leg.]

YEAS—40

Bayh	Ford	Nelson
Bellmon	Glenn	Pell
Biden	Gravel	Pryor
Bumpers	Hart	Ribicoff
Burdick	Hollings	Sarbanes
Byrd, Robert C.	Huddleston	Stennis
Cannon	Inouye	Stewart
Chiles	Jackson	Stone
Church	Kennedy	Talmadge
Cranston	Leahy	Tsongas
Culver	Magnuson	Welcker
Durkin	Matsunaga	Williams
Eagleton	Metzenbaum	
Exon	Moynihan	

NAYS—55

Armstrong	Hatch	Percy
Baker	Hatfield	Pressler
Baucus	Hayakawa	Proxmire
Bentsen	Heflin	Randolph
Boren	Heinz	Riegle
Boschwitz	Helms	Roth
Bradley	Humphrey	Sasser
Byrd, Harry F., Jr.	Javits	Schmitt
	Jepsen	Schweiker
Chafee	Johnston	Simpson
Cochran	Kassebaum	Stafford
Cohen	Laxalt	Stevens
Danforth	Levin	Stevenson
DeConcini	Long	Thurmond
Dole	Lugar	Wallop
Domenici	McClure	Warner
Durenberger	Mitchell	Young
Garn	Nunn	Zorinsky
Goldwater	Packwood	

NOT VOTING—5

Mathias	Melcher	Tower
McGovern	Morgan	

So the motion to lay the amendment (UP No. 1775) on the table was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the yeas and nays be vacated.

Mr. BELLMON. I object.

The PRESIDING OFFICER. Objection is heard.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. MORGAN. (After having voted in the negative). Mr. President, on this vote I have a pair with the Senator from Montana (Mr. MELCHER). If he were present and voting, he would vote "yea." I have voted "nay." Therefore, I withdraw my vote.

Mr. CRANSTON. I announce that the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. McGOVERN), and the Senator from Montana (Mr. MELCHER) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS) and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that, if present and voting, the Senator from Texas (Mr. TOWER) would vote "yea."

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

The result was announced—yeas 58, nays 36, as follows:

[Rollcall Vote No. 474 Leg.]

YEAS—58

Armstrong	Goldwater	Pressler
Baker	Hatch	Proxmire
Baucus	Hayakawa	Randolph
Bentsen	Heflin	Riegle
Boren	Heinz	Roth
Boschwitz	Helms	Sasser
Bradley	Humphrey	Schmitt
Byrd, Harry F., Jr.	Javits	Schweiker
	Jepsen	Simpson
Cannon	Johnston	Stafford
Chafee	Kassebaum	Stevens
Cochran	Laxalt	Stevenson
Cohen	Levin	Stewart
Danforth	Long	Talmadge
DeConcini	Lugar	Thurmond
Dole	McClure	Wallop
Domenici	Mitchell	Warner
Durenberger	Nunn	Young
Durkin	Packwood	Zorinsky
Garn	Percy	

NAYS—36

Bayh	Ford	Metzenbaum
Bellmon	Glenn	Moynihan
Biden	Gravel	Nelson
Bumpers	Hart	Pell
Burdick	Hatfield	Pryor
Byrd, Robert C.	Hollings	Ribicoff
Chiles	Huddleston	Sarbanes
Church	Inouye	Stennis
Cranston	Jackson	Stone
Culver	Leahy	Tsongas
Eagleton	Magnuson	Welcker
Exon	Matsunaga	Williams

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Morgan, against.

NOT VOTING—5

Kennedy	McGovern	Tower
Mathias	Melcher	

So Mr. ROTH's amendment (UP No. 1775) was agreed to.

Mr. ROTH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

FUNDING FOR H.R. 8146, THE FEDERAL SUPPLEMENTAL UNEMPLOYMENT COMPENSATION ACT OF 1980

Mr. RIEGLE. At the time the Senate Budget Committee marked up the second concurrent resolution, the Congress had not acted on legislation to extend unemployment insurance benefits for jobless workers. The committee did not, therefore, consider including in the budget totals funds for this purpose.

Since that time, however, the President has submitted legislation to the Congress for a Federal supplemental unemployment benefits program (FSUB) and both the House and Senate have passed amended versions of this legislation, H.R. 8146, which would extend benefits for up to 10 additional weeks. Under H.R. 8146, the maximum total benefits a worker would be entitled to would be 49 weeks. The program is a temporary, 6-month program.

This legislation is vitally important to those Americans who have lost their jobs as a result of the recession. In my own State of Michigan, unemployment stands at 12.1 percent. By year end, nearly 253,000 jobless workers will exhaust their existing unemployment insurance benefits without being able to secure work in an economy still suffering from widespread and severe joblessness.

As I indicated a moment ago, H.R. 8146 has now passed both Houses. The Senate bill was passed by voice vote, with bipartisan support. It is my understanding that the Senate bill would cost $1.1 billion for a 6 months program and $0.8 billion if the program is made effective from December until the end of March, 1981.

I would therefore ask the Senator from South Carolina to address the question of whether or not there are sufficient funds in the Budget Committee's recommended totals for fiscal year 1981 to accommodate the FSUB program.

Mr. HOLLINGS. As the Senator from Michigan has stated, funds for the FSUB program were not considered in setting the Budget Committee's second budget resolution totals. It was not even then clear if and when such a program would come into being.

However, the assumed funding for unemployment insurance that is included in the budget totals for fiscal year 1981 could be adequate to provide for the FSUB program, if it becomes law. The present budget totals assume an unemployment rate that is somewhat higher than the present economic outlook indicates and, as a result, we can expect lower outlays for unemployment insurance than the Budget Committee included in the second budget resolution. As a result, the present totals for unemployment insurance could accommodate additional funding for the FSUB program.

Mr. LEVIN. Mr. President, I would like to take this opportunity to thank the chairman for addressing himself to this issue.

I share the concern of Senator RIEGLE that the 10-week extension of unemployment benefits which the Senate recently adopted is of vital concern to Michigan and the entire country. I appreciate Senator HOLLINGS' statement clarifying the issue.

Mr. BELLMON. Mr. President, I want to make sure the record established through this colloquy is not overly optimistic about the budgetary effects of the possible enactment of Federal supplemental benefits (FSB) legislation. Senator RIEGLE has stated that such legislation would cost in the neighborhood of $1 billion in fiscal year 1981, depending on the date of enactment. We should not deceive ourselves. This legislation would clearly add about a billion dollars to the

cost of Government and to the deficit in fiscal year 1981.

PUBLIC HOUSING OPERATING SUBSIDIES

Mr. WILLIAMS. I would like to address a question to the distinguished chairman of the Committee on the Budget.

As you are well aware, Senator, public housing projects across the country are facing a crisis with regard to the maintenance, services and security of their housing units. This results from a miscalculation by the Department of Housing and Urban Development of the rapid increase in utility costs. This miscalculation has created a funding shortfall in public housing operating subsidies in the amounts of $113.8 million for fiscal year 1980 and approximately $163 million for fiscal year 1981, or a total of approximately $276 million.

Public housing agencies across the country are facing cuts in their operating subsidy amounts of anywhere from 16 to 100 percent. Many, who were due to receive funding in the latter half of fiscal year 1980, have already laid off substantial numbers of staff and severely curtailed basic services to their residents. It is critical that this error be corrected as quickly as possible.

My concern is that, as I look through the committee's reports on the first and second concurrent budget resolutions, I do not see a specific reference to this funding requirement. However, as I recall the discussions surrounding the consideration of the fiscal year 1981 HUD appropriations bill, it was stated by you and other members of the Committee on the Budget that an amount of $300 million was included in your assumptions in developing the overall budget amounts.

My question to you, Senator, is this: Are funds for this purpose accommodated in the second budget resolution currently before us?

Mr. HOLLINGS. As the Senator knows, the Budget Committee does not provide funds on a line-item basis for individual programs. That is the job of the Appropriations Committee.

The job of the Budget Committee is to set overall priorities. The committee's recommended budget allows $31.4 billion in budget authority and $6.5 billion in outlays for housing assistance. That level gives the Appropriations Committee flexibility to consider the amount of public housing operating subsidies to which the Senator refers.

Mr. HAYAKAWA. Mr. President, once again I find it necessary to rise in opposition to the budget with which my colleagues on the other side of the aisle have presented us. It is $17.9 billion in deficit and growing; if we pass this resolution, there will have to be another, which will undoubtedly be larger. We must stop this monster before it engulfs us all.

I am speaking, not so much about the budget process, but about the way in which the process has been abused. Originally, the process of two budget resolutions was developed to insure an accurate, up-to-date assessment of the Federal Government's receipts and outlays. The first concurrent resolution was to be the result of exhaustive study, hearings, and analysis—it was to be the basis upon which Congress decided how much money was available to be spent by the Federal Government, and how much money was actually to be spent. The second concurrent resolution was to refine those determinations, in light of changes which had occurred just prior to implementation of the budget, on October 1.

Essentially, this scenario has been followed, with one important exception: This process has been used to deliver one determination in the first concurrent resolution (this year the illusion of a balanced budget), with a completely different determination following in the second concurrent resolution. This year we started with a balanced budget, but we are asked to approve a budget for fiscal year 1981 which is estimated between $17.9 billion in deficit and $38 billion in deficit. This is not merely an adjustment from the first concurrent resolution, this is an attempt to spend what Congress and the American people will tolerate, and add to that point. The process has become, not a method by which Congress can monitor and check Government spending, but a method of increasing spending at every turn.

I hope this trend will be reversed, and Congress will recognize its responsibility to hold down inflation, and increase productivity. We must begin by placing reasonable restraints on Government spending—$17.9 or $38 billion in deficit is not reasonable. If we approve this budget, we're stuck; although there will be a third concurrent resolution, it will be extremely difficult for us to reduce spending if this budget is approved. On the other hand, it will make no difference if we reject this budget, and mandate a new budget for fiscal year 1981, as the American people recently did.

While I stated earlier before this body that I opposed conducting the business of government under continuing resolutions, I feel that the business of Government should be conducted in response to a mandate from the people of the United States. That mandate was made clear on November 4. The people of this country do not want more government, they want less. This budget resolution provides more government. Since we have postponed action on this resolution past the beginning of the fiscal year, and the vast majority of the appropriations bills have not been acted on, a delay until those new Members who represent the mandate of the people can join us is the only responsible action we can take.

I am asking, therefore, that we reject this resolution, restore lost confidence in the budget process, and respond to the mandate of the American people.

Mr. DECONCINI. Mr. President, yesterday the Senate rejected, unwisely in my judgment, an amendment by my good friend from Wisconsin, Senator PROXMIRE, aimed at balancing the Federal budget for fiscal year 1981. I do not intend to detain the Senate for a replay of that debate at this time; suffice it to say that I believe that Senator PROXMIRE had, on the whole, the better of the argument.

Few would dispute the proposition—and none did yesterday—that economic circumstances demand fiscal restraint. Inflation is now approaching double digits. Unemployment hovers at almost 8 percent. A sluggish, tentative and fragile recovery from the recent recession is threatened by a prime rate of 16¼ percent and mortgage rates nearing and often exceeding 16 percent. The National debt of over $900 billion burdens an already overstrained and turbulent capital market. In the face of such realities the economic prospect is grim at best. Clearly the time for decisive action to bring Federal spending under control is now. The hard choices that will be required to do so can no longer be postponed if we are to begin the process of restoring a prosperous, expanding, and stable American economy.

Let there be no mistake. I fully understand—as I know my colleagues and especially the members and the leadership of the Budget Committee understand—that achieving a balanced budget will be no easy task.

Yet it is not impossible, and in my judgment it must be done. All that is necessary is that we have the will to do it. The resolution before us contemplates a deficit for fiscal 1981 of $38 billion. That, of course, is an estimate; the actual deficit will problably be higher, or could conceivably be lower, depending upon the performance of the economy. But surely, Mr. President, it is possible to find $38 billion of reductions in a budget totaling $633 billion. Thirty-eight billion dollars by the way is 6 percent of $633 billion. It does not seem unreasonable to expect those of us who have been entrusted with positions of public responsibility to find a way to shave a little more than 5 percent off the projected outlays.

I know that there are practical legislative difficulties at this late date in achieving these savings. Three appropriations acts for fiscal year 1981 have already been signed into law and two more are in conference. Moreover, over 75 percent of the outlays of the budget flow from entitlement programs or other mandatory or semimandatory requirements. To reduce this category of expenditure would require changes in existing laws in many instances. This does not apply to every case however. A considerable proportion of these so-called uncontrollables are subject to the availability of appropriation, albeit the presumption has come to be that the necessary funding will be provided.

That presumption is overdue for reexamination, and indeed it is in my opinion certifiably invalid under existing conditions. It should be pointed out, Mr. President, that Mr. Edwin Meese, one of the President-elect's closest advisers, has said that the Federal budget can be cut on the order of 6 percent by eliminating waste, fraud, abuse, and the unnecessary programs. Six percent of $633 billion is $38 billion. Therefore, assume that we can expect the incoming administration to propose rescissions and deferrals of approximately that magnitude early next year.

I, therefore, see no reason to adopt a budget resolution which makes allowance

for any deficit. For this reason I am going to vote against the adoption of the Senate Concurrent Resolution 119. I have never in my term in this body voted for a resolution containing a deficit and I do not intend to do so now.

● Mr. PERCY. Mr. President, before I speak on the budget, I would like to take a moment to pay tribute to one of the Senate's most outstanding Members, Senator BELLMON.

Senator BELLMON has served on the Budget Committee since it was first created by the Budget Act of 1974. I helped coauthor that legislation with my good friends, Senators Sam Ervin and Ed Muskie. We worked on this in the Governmental Affairs Committee, for several years, and I am proud of that accomplishment.

As we all know, though, a paper law is just that, paper. It needs commitment and dedication to breathe life into it and that is just what HENRY BELLMON, in concert with Ed Muskie, gave it in the years since that law was passed. The budget process was strengthened with Senator BELLMON's presence on the committee. His clear, persuasive leadership has helped lay a strong foundation for building an even better budget process in the years ahead.

Mr. President, last spring I voted against the first budget resolution because its high levels of spending and revenues promised a budget that was balanced on the backs of the taxpayers. Spending at that time was forecast to be $613 billion and revenues were estimated at an equal amount. It was not long, however, before it became apparent that this so-called balanced budget was balanced on paper only. By the time of the President's midsession review of the budget, spending had already jumped to over $633 billion and revenues were predicted at $604 billion. In short, the balanced budget was out the window within a month.

Taxes presented an equally disturbing trend. The fiscal 1980 level of revenues was $520 billion. Compare that with the fiscal year 1981 estimate of revenues of $615 billion. That is an enormous jump, over a $90 billion increase in just 1 year.

Although some of the figures have changed since the first resolution, the rate of spending remains. Furthermore, even with the Dole amendment, a $75 billion tax increase remains. I cannot vote for this budget that is so out of balance and promises such a tax increase.

Not long ago, Paul McCracken, a former Chairman of the Council of Economic Advisers, wrote in the Wall Street Journal about his strategy for a strong budget. His ideas are sound and offer valuable thoughts for us as we grapple with the budget. I would like to quote just a part of his column, entitled "The Road to Budget Balance." Mr. McCracken writes—

> The first requirement is to face frankly the fact that the share of any increased earnings diverted to government through higher taxes is now so high as virtually to assure a leaden, arthritic, creaking economy. . . . The nation's fiscal plan, in short, calls for the increase in taxes to absorb about 55 cents out of each projected additional dollar to be earned. And we profess bewilderment about the inability of the economy to perform well!

This is a dramatic statement of the economic malaise we are confronted with. We need to foster a climate of growth to produce the jobs and increased revenues that will flow from greater economic activity.

At the very least, the budget resolution should make room for a tax cut. That is why I voted for the amendment offered by Senator DOLE which makes room for a tax cut for calendar year 1981 like the one reported by the Senate Finance Committee in September.

For many months this side of the aisle has pressed for very needed tax reduction to offset the massive tax increases which are scheduled to go into effect next year. As I have mentioned, Federal revenues in fiscal year 1981—without a tax cut—will be up by over $90 billion. Some $18 billion will come from taxflation, the bracket creep that pushes taxpayers into higher tax brackets. Social security tax increases will claim another $25 billion. Overall, taxes both as a percent of GNP and as a percent of taxable personal income will reach the highest levels in this country's history next year.

These higher taxes will only make inflation worse by fueling Government spending and hampering economic growth. Adoption by the Senate of the tax cut amendment today is a major step toward revitalization. It is, in a sense, the culmination of years of work.

Last July, I joined several of my Republican colleagues in pushing for the adoption of the Tax Reduction and Job Creation Act of 1980 which would have provided an across-the-board cut in personal income taxes along with depreciation reform for business. That effort was unfortunately defeated two times in 1 week.

Later, in September, we commended the Finance Committee for its recommendation to cut taxes and waited eagerly for Senate action on that proposal.

The Finance Committee package would have cut individual income tax rates and provided more rapid writeoffs for business investment. It also incorporated a proposal which Senator CRANSTON and I introduced to increase the capital gains exclusion from 60 to 70 percent for individuals, making the effective maximum rate under the committee bill 20 percent. The package also adopted a reduction in the alternative corporate capital gains tax rate, from 28 to 20 percent, and a cut in the maximum corporate tax rate from 46 to 44 percent by 1982, along with wider corporate brackets to benefit small businesses.

Then, just before the Senate recessed in October, we sought to cause the majority to consider this important tax cut plan. Again, our efforts were unsuccessful.

Mr. President, I would like to make an important point with regard to this budget. The figures on spending have changed much more dramatically than is revealed in this budget. Just last week the House Budget Committee reported a budget, with the latest economic forecasts. Before any spending or tax reductions are made, their budget shows spending at $648 billion. Revenues are at $615.7 billion, about the same as the Senate resolution. But overall spending is $15 billion higher than even this Senate resolution.

Mr. President, I believe the following chart shows the dramatic changes that have taken place in the budget this year on the spending side. I ask unanimous consent that it be included in the RECORD at this point in my remarks.

FISCAL YEAR 1981 BUDGET

[In billions of dollars]

	Senate First Resolution (June)	Senate Second Resolution (August)	House Second Resolution (November)
Outlays	613.6	633.0	648.0
Revenues	613.8	615.1	615.7
Deficit/surplus	+.2	−17.9	−32.3

Mr. President, what this chart shows is that we are on a course that would seem to put us in the same position that we were in during fiscal year 1980. During that year, the deficit rose from about $30 billion to $59 billion.

The Senate Budget Committee prepared its budget back in August in all good faith. They used the most updated economic assumptions at that time. The economy has changed markedly since that time, however, and the budget we are faced with today does not reflect where we will probably end up in 1981.

Yesterday, Senator PROXMIRE offered a very attractive amendment that appeared to balance the budget. He simply lopped off about $22 billion in spending. There were no instructions in his amendment, however, directing the specific cuts. We know that much of the budget cannot be cut willy-nilly in 1 year, because it is subject to the restraints of existing law. Only about 25 percent of the budget would be open to Senator PROXMIRE's cuts and the bulk of this so-called controllable budget is in the defense area. It is my strong conviction that we should not slice into defense at a time when we need to build up our Armed Forces. Given the looseness of the Proxmire amendment, I could see major proposed cuts in defense and I could not support that effort.

Yesterday, Senator BELLMON also offered an amendment that was subsequently withdrawn. I would like to congratulate him and Senator DOMENICI on this amendment. I recognize the limitations that led to its withdrawal, but believe the Bellmon amendment proposed an important new way for us to deal with overspending. We need these tools. They will help us guarantee that the fiscal year 1983 budget will be balanced as President-elect Reagan has pledged. I urge Senator DOMENICI—in his new role as Budget Committee chairman next year—to build the Bellmon proposal into the budget process.

On balance, however, I cannot support a budget that, even with a tax cut, still allows a $75-billion tax increase in 1981

and does not make a sound effort to curb spending. I intend to vote against it.●

Mr. ROBERT C. BYRD. Mr. President, this has not been an easy year for the budget process. A genuine effort by the Congress and President Carter to produce a balanced budget for fiscal year 1981 resulted in the first balanced budget ever adopted by the Congress, but the downturn in the economy has made the achievement of a balanced budget impossible.

Throughout the year, we were faced with politically motivated, unfeasible amendments. The bipartisanship which had historically characterized the budget process suffered as a result.

The second budget resolution before us today recognizes that inflation and the recession have pushed the Federal budget into the red again.

We should not abandon hope that the budget can be balanced. Despite the fiscal radicalism espoused by candidate Reagan, Congress must not stray from the steady course of fiscal responsibility which we have charted this year.

Again yesterday, President-elect Reagan reiterated his support for the Roth/Kemp tax cut. The responsibility of governing this great Nation requires recognition of certain facts.

We must recognize that the budget cannot be cut deeply enough to offset the revenue losses which would be generated by Roth/Kemp and the other tax reducing proposals supported by the President-elect and various Members of Congress, unless we cut deeply into entitlement programs, which candidate Reagan promised not to do.

Persisting with enormous tax cuts while failing to achieve offsetting spending cuts will yield tremendous deficits.

Inflation, already raging at 10 percent, will go higher should this occur. The Federal Reserve will have the only anti-inflation game in town. And it is my view that the fight against inflation should not—and cannot—be left up to the Federal Reserve. While adherence to the monetarist theory that inflation is strictly a function of money supply growth might be a comforting intellectual exercise, the Fed's performance in pursuit of a policy of control of monetary aggregates has not dampened inflation—and, to the contrary, has produced the wildest gyrations in interest rates and the money supply we have ever experienced.

It is my view that inflation will not be controlled until we break the spiral of wages and prices which leads people to expect that prices will go ever upward.

I reject the notion that this country is so bankrupt of economic thought and national will that the only way to break this expectation is by putting our people through the wringer of prolonged recession, 10 percent unemployment, and 20 percent interest rates.

Yet, I fear that this will be offered as our only alternative in the not-too-distant future unless President-elect Reagan rejects the fiscal radicalism of the Roth/Kemp tax cut and adopts a realistic, achievable plan for cutting taxes and spending.

Democrats in the Congress will help him in this effort.

This is the last budget resolution which will be managed by the distinguished Senator from South Carolina, FRITZ HOLLINGS, at least until 1983. Assuming the chairmanship of the Budget Committee this summer, when Ed Muskie became Secretary of State, Senator HOLLINGS has provided strong leadership in this important committee. He has fought hard to increase the share of Federal spending which goes to defense. In the coming years, his efforts will be crucial in holding the Senate on the steady fiscal course which we have charted this year.

Mr. ROBERT C. BYRD. Mr. President, I am awaiting clearance for the paperwork reduction. It is my intention to move to take that measure up if it can be cleared.

Mr. President, I also wish to express the appreciation of the leadership on this side of the aisle to HENRY BELLMON, who has been a very staunch advocate of bipartisanship and has worked with Mr. Muskie and Mr. HOLLINGS in a very admirable way.

The fact that the budget reform process has worked as well as it has remains, I think, to be viewed as to the credit of Mr. BELLMON, Mr. MUSKIE, and now Mr. HOLLINGS.

They have worked together in a kind of bipartisan way that is necessary if the budget reform process is to be successful.

So I regret that Mr. HOLLINGS will not be managing the budget resolutions next year. I regret that Mr. BELLMON will not be here next year to continue his fine work with Mr. HOLLINGS.

Mr. HOLLINGS. Now, Mr. President, if I may have the attention of the distinguished Senator from Oklahoma, I believe we have 15 minutes to a side.

The PRESIDING OFFICER. The Senator is correct.

Mr. HOLLINGS. I really think now is the time to draw the debate to a close. We are hopefully trying to get a conference started on the budget resolution. I think our colleagues have made up their minds with respect to the resolution. I am prepared to yield back my time.

Mr. BELLMON. Mr. President, unless someone on this side wants time, I am prepared to yield back my time.

Mr. HOLLINGS. I yield back the remainder of my time.

Mr. BELLMON. I yield back the time on the minority side.

Mr. HOLLINGS. I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. There being no further debate, the Chair lays before the Senate, pursuant to the previous order, House Concurrent Resolution 448, which the clerk will state by title.

The legislative clerk read as follows:

House Concurrent Resolution 448, revising the Congressional budget for the United State Government for the fiscal years 1982 and 1983.

The Senate proceeded to consider the resolution.

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

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

The yeas and nays were ordered.

The PRESIDING OFFICER. The text of Senate Concurrent Resolution 119, as amended, is deemed inserted as a substitute.

The question is on agreeing to the concurrent resolution, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from Wisconsin (Mr. NELSON) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS) is necessarily absent.

The PRESIDING OFFICER. Any other Senator in the Chamber who has not voted who desires to vote?

The result was announced—yeas 48, nays 46, as follows:

[Rollcall Vote No. 475 Leg.]

YEAS—48

Baker	Heinz	Nunn
Bayh	Hollings	Pell
Bentsen	Huddleston	Randolph
Biden	Inouye	Ribicoff
Boschwitz	Jackson	Roth
Bradley	Javits	Schweiker
Burdick	Johnston	Stennis
Byrd, Robert C.	Kassebaum	Stevens
Chafee	Levin	Stevenson
Chiles	Long	Stone
Cohen	Magnuson	Talmadge
Cranston	Matsunaga	Thurmond
Dole	Melcher	Tower
Domenici	Mitchell	Tsongas
Durkin	Morgan	Williams
Ford	Moynihan	Young

NAYS—46

Armstrong	Glenn	Percy
Baucus	Goldwater	Pressler
Bellmon	Hart	Proxmire
Boren	Hatch	Pryor
Bumpers	Hatfield	Riegle
Byrd, Harry F., Jr.	Hayakawa	Sarbanes
	Heflin	Sasser
Church	Helms	Schmitt
Cochran	Humphrey	Simpson
Culver	Jepsen	Stafford
Danforth	Laxalt	Stewart
DeConcini	Leahy	Wallop
Durenberger	Lugar	Warner
Eagleton	McClure	Weicker
Exon	Metzenbaum	Zorinsky
Garn	Packwood	

NOT VOTING—6

Cannon	Kennedy	McGovern
Gravel	Mathias	Nelson

So the concurrent resolution (H. Con. Res. 448) as amended, was passed.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. BELLMON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HOLLINGS. Mr. President, I move that the Senate insist on its amendments to House Concurrent Resolution 448 and requests a conference with the House thereon and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. HOL-

LINGS, Mr. CHILES, Mr. BIDEN, Mr. MOYNIHAN, Mr. METZENBAUM, Mr. EXON, Mr. BELLMON, Mr. DOMENICI, Mr. ARMSTRONG, and Mr. PACKWOOD conferees on the part of the Senate.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that Senate Concurrent Resolution 119 be indefinitely postponed.

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

Mr. BAKER. Mr. President, when the Senate convened for this lameduck session a few days ago, I indicated I would prefer not to consider a budget resolution in this session. It was equally clear that notwithstanding that, we will not be able to conclude this appropriations process in the few days remaining to us in this session. A continuing resolution will be necessary to tide us over until the bills can be considered by the new Congress in January. The necessity to pass a budget resolution appears to be compelling.

In view of this, it originally seemed preferable to me to hold the budget resolution over until next year. But, I have been persuaded by the distinguished Senator from New Mexico (Mr. DOMENICI), who will assume the chairmanship of the Budget Committee in January, by the distinguished Senator from Oklahoma (Mr. BELLMON), the outgoing ranking member of the committee, and by others that we would be better served by preserving the integrity of the budget process through the passage of the resolution before we adjourn sine die.

It is for this reason that I voted for final passage of this budget resolution, and encouraged others to do so, as well.

But this is certainly not a final budget in any sense of the word. At best, it is but an interim resolution which will inevitably be amended or alternatively, superseded by a third concurrent resolution.

And such revision is undoubtedly necessary. We must bring swollen spending levels back in line with the numbers assumed by the second concurrent resolution. The need to control Federal expenditures and the rate of that Federal spending, as well as to enforce the requirements of reconciliation, is undeniable.

I would like to commend the outgoing ranking member of the Budget Committee, my good friend, Senator HENRY BELLMON. I know that all of us in this Chamber are saddened by his pending departure from our ranks. HENRY BELLMON has served his State, his Senate, and his Nation with excellence and great honor for the past 12 years. He will be sorely missed in these Halls.

I would also like to congratulate the incoming chairman of the committee, also a good friend, Senator PETE DOMENICI. I am certain he will become an extraordinary and splendid chairman. I pledge him my complete cooperation.

Finally, Mr. President, I would be remiss if I failed to make mention of the outstanding contributions to both our budget process and the Senate as a whole of the current chairman of the Budget Committee, the distinguished Senator from South Carolina (Mr. HOLLINGS) and his predecessor at that committee, our former colleague and our current distinguished Secretary of State, Ed Muskie.

Their stewardship of this critical committee, through a difficult and often tempestuous time, has been nothing less than exemplary. They are to be commended.

ORDER FOR RECESS UNTIL 10 A.M. NOVEMBER 20, 10 A.M. NOVEMBER 21, AND 12 NOON NOVEMBER 24

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 10 o'clock tomorrow morning.

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business tomorrow it stand in recess until the hour of 10 o'clock Friday morning.

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate convenes on Monday it convene at 12 noon following the recess.

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

ORDER OF PROCEDURE

Mr. ROBERT C. BYRD. Mr. President, I will not ask consent until Mr. BAKER or someone representing him is here, but I would like to go to the paperwork bill. I suggest the absence of a quorum with the understanding that I retain my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the paperwork reduction bill, S. 1411, Calendar Order No. 1015, with the understanding that no nongermane amendments be in order.

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

Mr. BAKER. Mr. President, would the majority leader be willing to vacate that for one brief moment?

Mr. ROBERT C. BYRD. Yes.

Mr. BAKER. Mr. President, I previously advised the majority leader that I was agreeable to that and am now told that we have one more notation on our calendar that may take just a few moments to clear.

Mr. ROBERT C. BYRD. All right.

Mr. President, I temporarily withhold my request and 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. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

PAPERWORK REDUCTION ACT OF 1980

Mr. GOLDWATER. Mr. President, sometime ago, when S. 1411, a bill to improve the economy and efficiency of the Government and the private sector by improving Federal information management and for other purposes, came on the calendar, I raised an objection. My objection pertained only to intelligence.

The Senator from Florida has informed me that, since that time, he has worked this out with intelligence; and because I was in the hospital at the time, I was not told of it, and I apologize for not having been aware of it. My staff tells me that, so far as intelligence is concerned, it is now all right.

However, and this does not come under my purview, because I am not chairman of the Armed Services Committee—the Secretary of Air has complained about some aspects of the bill only in the last few days.

I will withdraw my objection, and I do not believe Senator TOWER or Senator STENNIS have entered an objection, so I imagine that it is all right to go ahead with the matter, unless the Armed Services Committee might hold an objection about which I do not know.

Mr. CHILES. I thank the distinguished Senator from Arizona.

I had tried to work it out, and I am sorry if I was excited when I talked with the Senator. I thought we had worked out those areas.

Senator JACKSON is coming to the Chamber with some amendments concerning the armed services aspects of the act in addition to intelligence, and we are going to take those amendments.

Mr. GOLDWATER. There is no objection of which I know.

Mr. CHILES. I thank the Senator.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from Arizona (Mr. GOLDWATER).

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

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

BUDGET ACT WAIVER

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 1074, Senate Resolution 516, the budget waiver with respect to the paperwork reduction bill.

Mr. BAKER. Mr. President, reserving the right to object, and I shall not object, it is my privilege now to advise the

distinguished majority leader and the majority manager of this bill, the Senator from Florida, that all the objections on this side to the paperwork bill have been cleared and we will have no objection to the request and, of course, that extends necessarily to the consideration of the budget waiver just identified by the majority leader.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

A resolution (S. Res. 516) waiving section 402(a) of the Congressional Budget Act with respect to the consideration of S. 1411.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

There being no objection, the Senate proceeded to the consideration of the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 516) was agreed to, as follows:

S. RES. 516

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1411. Such waiver is necessary because provisions of S. 1411 establish a goal to reduce the burden of Federal paperwork requirements on the public by 25 per centum in three years, which would be difficult to accomplish if the small amount of resources required in fiscal 1981 were not available to the Office of Information and Regulatory Affairs. Reductions in paperwork for all sectors of the economy are expected to reduce inflationary pressures. The committee regrets it was unable, due to the lengthy consideration of regulatory reform and lobbying reform to meet the May 15 date for the Paperwork Reduction Act. The committee believes the potential savings and reduced inflation due to reduced paperwork burden should not be foreclosed. The committee's letter to the Budget Committee pursuant to the requirements of section 301(c) of the Congressional Budget Act of 1974 did discuss S. 1411, the Paperwork Reduction Act.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PAPERWORK REDUCTION ACT OF 1980

Mr. ROBERT C. BYRD. Mr. President, I renew my previous request that the Senate proceed to the consideration of Calendar Order No. 1015, S. 1411, with the proviso that no nongermane amendments be in order.

The PRESIDING OFFICER. The bill will be stated.

The assistant legislative clerk read as follows:

A bill (S. 1411) to improve the economy and efficiency of the Government and the private sector by improving Federal information management, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Governmental Affairs with an amendment to strike out all after the enacting clause, and insert in lieu thereof the following:

That this Act may be cited as the "Paperwork Reduction Act of 1980".

SEC. 2. (a) Chapter 35 of title 44, United States Code, is amended to read as follows:

"CHAPTER 35—COORDINATION OF FEDERAL INFORMATION POLICY

"Sec.
"3501. Purpose.
"3502. Definitions.
"3503. Office of Information and Regulatory Affairs.
"3504. Authority and functions of Director.
"3505. Assignment of tasks and deadlines.
"3506. Federal agency responsibilities.
"3507. Public information collection activities—submission to Director; approval and delegation.
"3508. Determination of necessity for information; hearing.
"3509. Designation of central collection agency.
"3510. Cooperation of agencies in making information available.
"3511. Establishment and operation of Federal Information Locator System.
"3512. Public protection.
"3513. Director review of agency activities; reporting; agency response.
"3514. Responsiveness to Congress.
"3515. Administrative powers.
"3516. Rules and regulations.
"3517. Consultation with other agencies and the public.
"3518. Effect on existing laws and regulations.
"3519. Access to information.
"3520. Authorization of appropriations.

"§ 3501. Purpose

"The purpose of this chapter is—

"(1) to minimize the Federal paperwork burden for individuals, small businesses, State and local governments, and other persons;

"(2) to minimize the cost to the Federal Government of collecting, maintaining, using, and disseminating information;

"(3) to maximize the usefulness of information collected by the Federal Government;

"(4) to coordinate, integrate and, to the extent practicable and appropriate, make uniform Federal information policies and practices;

"(5) to ensure that automatic data processing and telecommunications technologies are acquired and used by the Federal Government in a manner which improves service delivery and program management, increases productivity, reduces waste and fraud, and, wherever practicable and appropriate, reduces the information processing burden for the Federal Government and for persons who provide information to the Federal Government; and

"(6) to ensure that the collection, maintenance, use and dissemination of information by the Federal Government is consistent with applicable laws relating to confidentiality, including section 552a of title 5, United States Code, known as the Privacy Act.

"§ 3502. Definitions

"As used in this chapter—

"(1) the term 'agency' means any executive department, military department, Government corporation, Government controlled corporation, or other establishment in the executive branch of the Government (including the Executive Office of the President), or any independent regulatory agency, but does not include the General Accounting Office, Federal Election Commission, the governments of the District of Columbia and of the territories and possessions of the United States, and their various subdivisions, or Government-owned contractor-operated facilities including laboratories engaged in national defense research and production activities;

"(2) the term 'burden' means the time, effort, or financial resources expended by persons to provide information to a Federal agency;

"(3) the term 'collection of information' means the obtaining or soliciting of facts or opinions by an agency through the use of written report forms, application forms, schedules, questionnaires, reporting or recordkeeping requirements, or other similar methods calling for either—

"(A) answers to identical questions posed to, or identical reporting or recordkeeping requirements imposed on, ten or more persons, other than agencies, instrumentalities, or employees of the United States; or

"(B) answers to questions posed to agencies, instrumentalities, or employees of the United States which are to be used for general statistical purposes.

"(4) the term 'data element' means a distinct piece of information such as a name, term, number, abbreviation, or symbol;

"(5) the term 'data element dictionary' means a system containing common definitions and cross references for commonly used data elements;

"(6) the term 'data profile' means a synopsis of the questions contained in an information collection request and the official name of the request, the location of information obtained or to be obtained through the request, a list of any compilations, analyses, or reports derived or to be derived from such information, any record retention requirements associated with the request, the agency responsible for the request, the statute authorizing the request, and any other information necessary to identify, obtain, or use the data contained in such information;

"(7) the term 'Director' means the Director of the Office of Management and Budget;

"(8) the term 'directory of information resources' means a catalog of information collection requests, containing a data profile for each request;

"(9) the term 'independent regulatory agency' means the Board of Governors of the Federal Reserve System, the Civil Aeronautics Board, the Commodity Futures Trading Commission, the Consumer Product Safety Commission, the Federal Communications Commission, the Federal Deposit Insurance Corporation, the Federal Energy Regulatory Commission, the Federal Home Loan Bank Board, the Federal Maritime Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Mine Enforcement Safety and Health Review Commission, the National Labor Relations Board, the Nuclear Regulatory Commission, the Occupational Safety and Health Review Commission, the Postal Rate Commission, the Securities and Exchange Commission, and any other similar agency designated by statute as a Federal independent regulatory agency or commission;

"(10) the term 'information collection request' means a written report form, application form, schedule, questionnaire, reporting or recordkeeping requirement, or other similar method calling for the collection of information;

"(11) the term 'information referral service' means the function that assists officials and persons in obtaining access to the Federal Information Locator System;

"(12) the term 'information systems' means management information systems;

"(13) the term 'person' means an individ-

ual, partnership, association, corporation, business trust, or legal representative, an organized group of individuals, a State, territorial, or local government or branch thereof, or a political subdivision of a State, territory, or local government or a branch of a political subdivision;

"(14) the term 'practical utility' means the ability of an agency to use information it collects, particularly the capability to process such information in a timely and useful fashion;

"(15) the term 'recordkeeping requirement' means a requirement imposed by an agency on persons to maintain specified records; and

"(16) the term 'telecommunications' equipment, technology, functions, activities, or needs means the equipment, technology, functions, activities, or needs used solely for (A) the 'collection of information' as defined in subsection (3) of this section, or (B) the processing, storage, and transmission of such collected information.

"§ 3503. Office of Information and Regulatory Affairs

"(a) There is established in the Office of Management and Budget an office to be known as the Office of Information and Regulatory Affairs.

"(b) There shall be at the head of the Office an Associate Director, who shall be appointed by and shall report directly to the Director. The Associate Director shall serve as principal adviser to the Director on Federal information policy. The Director may delegate to the Associate Director functions under this chapter, except that any such delegation shall not relieve the Director of responsibility for the administration of such functions. The Director may not delegate any function under this chapter to any other officer or employee of the Office of Management and Budget except the Associate Director.

"§ 3504. Authority and functions of Director

"(a) The Director shall provide overall direction in the development and implementation of Federal information policies, principles, standards, and guidelines, including direction over the review and approval of information collection requests, the reduction of the paperwork burden, Federal statistical activities, records management activities, privacy of records, interagency sharing of information, and acquisition and use of automatic data processing and other technology for managing information resources. The authority under this section shall be exercised consistent with applicable law.

"(b) The general information policy functions of the Director shall include—

"(1) establishing uniform information resources management policies and overseeing the development of information management principles, standards, and guidelines and promoting their use;

"(2) initiating and receiving proposals for changes in legislation, regulations, and agency procedures to improve information practices, and informing the President and the Congress on the progress made therein;

"(3) coordinating, through the review of budget proposals and as otherwise provided in this section, agency information practices;

"(4) promoting, through the use of the Federal Information Locator System, the review of budget proposals and other methods, greater sharing of information by agencies;

"(5) evaluating agency information management practices to determine their adequacy and efficiency, and to determine compliance of such practices with the policies, principles, standards, and guidelines promulgated by the Director; and

"(6) overseeing planning for, and conduct of research with respect to, Federal collection, processing, storage, transmission, and use of information.

"(c) The information collection request clearance and other paperwork control functions of the Director shall include—

"(1) reviewing and approving information collection requests proposed by agencies;

"(2) determining whether the collection of information by an agency is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility for the agency;

"(3) ensuring that all information collection requests—

"(A) are inventoried, display a control number and, when appropriate, an expiration date;

"(B) indicate the request is in accordance with the clearance requirements of section 3507; and

"(C) contain a statement to inform the person receiving the request why the information is being collected, how it is to be used, and whether responses to the request are voluntary, required to obtain a benefit, or mandatory;

"(4) designating as appropriate, in accordance with section 3509, a collection agency to obtain information for two or more agencies;

"(5) setting goals for reduction of the burdens of Federal information collection requests;

"(6) overseeing action on the recommendations of the Commission on Federal Paperwork; and

"(7) designating and operating, in accordance with section 3511, the Federal Information Locator System.

"(d) The statistical policy and coordination functions of the Director shall include—

"(1) developing long range plans for the improved performance of Federal statistical activities and programs;

"(2) coordinating, through the review of budget proposals and as otherwise provided in this section, the functions of the Federal Government with respect to gathering, interpreting, and disseminating statistics and statistical information;

"(3) overseeing Government-wide policies, principles, standards, and guidelines concerning statistical collection procedures and methods, statistical data classifications, and statistical information presentation and dissemination; and

"(4) evaluating statistical program performance and agency compliance with Government-wide policies, principles, standards, and guidelines.

"(e) The records management functions of the Director shall include—

"(1) providing advice and assistance to the Administrator of General Services in order to promote coordination in the administration of chapters 29, 31, and 33 of this title with the information policies, principles, standards, and guidelines established under this chapter;

"(2) reviewing compliance by agencies with the requirements of chapters 29, 31, and 33 of this title and with regulations promulgated by the Administrator of General Services thereunder; and

"(3) coordinating records management policies and programs with related information programs such as information collection, statistics, automatic data processing and telecommunications, and similar activities.

"(f) The privacy functions of the Director shall include—

"(1) establishing policies, principles, standards, and guidelines on information disclosure and confidentiality, and on safeguarding the security of information collected or maintained by agencies;

"(2) providing agencies with advice and guidance about information security, restriction, exchange, and disclosure; and

"(3) monitoring compliance with section 552a of title 5, United States Code, and related information management laws.

"(g) The Federal automatic data processing and telecommunications functions of the Director shall include—

"(1) establishing policies, principles, standards, and guidelines for automatic data processing and telecommunications functions and activities of the Federal Government, and overseeing the establishment of standards under section 111(f) of the Federal Property and Administrative Services Act of 1949;

"(2) monitoring the effectiveness of, and compliance with, directives issued pursuant to sections 110 and 111 of such Act of 1949 and reviewing proposed determinations under section 111(g) of such Act;

"(3) providing advice and guidance on the acquisition and use of automatic data processing and telecommunications equipment, and coordinating, through the review of budget proposals and other methods, agency proposals for acquisition and use of such equipment;

"(4) promoting the use of automatic data processing and telecommunications equipment by the Federal Government to improve the effectiveness of the use and dissemination of data in the operation of Federal programs; and

"(5) initiating and reviewing proposals for changes in legislation, regulations, and agency procedures to improve automatic data processing and telecommunications practices, and informing the President and the Congress of the progress made therein.

"(h) The Director shall, subject to section 3507(c) of this chapter, ensure that, in developing rules and regulations, agencies—

"(1) utilize efficient means in the collection, use, and dissemination of information;

"(2) provide an early and meaningful opportunity for the public to comment on proposed means for collection of information; and

"(3) assess the consequences of alternative means for the collection, use, and dissemination of information.

"§ 3505. Assignment of tasks and deadlines

"In carrying out the functions under this chapter, the Director shall—

"(1) upon enactment of this Act—

"(A) set a goal to reduce the then existing burden of Federal collections of information by 15 per centum by October 1, 1982; and

"(B) for the year following, set a goal to reduce the burden which existed upon enactment by an additional 10 per centum;

"(2) within one year after the effective date of this Act—

"(A) establish standards and requirements for agency audits of all major information systems and assign responsibility for conducting Government-wide or multiagency audits, except the Director shall not assign such responsibility for the audit of major information systems used for the conduct of criminal investigations or intelligence activities as defined in section 4-206 of Executive Order 12036, issued January 24, 1978, or successor orders;

"(B) establish the Federal Information Locator System;

"(C) identify areas of duplication in information collection requests and develop a schedule and methods for eliminating duplication;

"(D) develop a proposal to augment the Federal Information Locator System to include data profiles of major information holdings of agencies (used in the conduct of their operations) which are not otherwise required by this chapter to be included in the System; and

"(E) identify initiatives which may achieve a 10 per centum reduction in the burden of Federal collections of information associated

with the administration of Federal grant programs; and

"(3) within two years after the effective date of this Act—

"(A) establish a schedule and a management control system to ensure that practices and programs of information handling disciplines, including records management, are appropriately integrated with the information policies mandated by this chapter;

"(B) identify initiatives to improve productivity in Federal operations using information processing technology;

"(C) develop a program to (i) enforce Federal information processing standards at all Federal installations and (ii) revitalize the standards development program established pursuant to section 759(f)(2) of title 40, United States Code, and separate such program from technological advisory services;

"(D) complete action on recommendations of the Commission on Federal Paperwork by implementing, implementing with modification or rejecting such recommendations including, where necessary, development of legislation to implement such recommendations;

"(E) develop, in consultation with the Administrator of General Services, a five-year plan for meeting the automatic data processing and telecommunications needs of the Federal Government in accordance with the requirements of section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759) and the purposes of this chapter; and

"(F) submit to the President and the Congress legislative proposals to remove inconsistencies in laws and practices involving privacy, confidentiality, and disclosure of information.

"§ 3506. Federal agency responsibilities

"(a) Each agency shall be responsible for carrying out its information management activities in an efficient, effective, and economical manner, and for complying with the information policies, principles, standards, and guidelines prescribed by the Director.

"(b) The head of each agency shall designate, within three months after the effective date of this Act, a senior official or officials who report directly to such agency head to carry out the responsibilities of the agency under this chapter.

"(c) Each agency shall—

"(1) systematically inventory its major information systems and periodically review its information management activities, including planning, budgeting, organizing, directing, training, promoting, controlling, and other managerial activities involving the collection, use, and dissemination of information;

"(2) ensure its information systems do not overlap each other or duplicate the systems of other agencies;

"(3) develop procedures for assessing the paperwork and reporting burden of proposed legislation affecting such agency;

"(4) assign to the official designated under subsection (b) the responsibility for the conduct of and accountability for any acquisitions made pursuant to a delegation of authority under section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759); and

"(5) ensure that information collection requests required by law or to obtain a benefit, and submitted to nine or fewer persons, contain a statement to inform the person receiving the request that the request is not subject to the requirements of section 3507 of this chapter.

"(d) The head of each agency shall establish such procedures as necessary to ensure the compliance of the agency with the requirements of the Federal Information Locator System, including necessary screening and compliance activities.

"§ 3507. Public information collection activities—submission to Director; approval and delegation

"(a) An agency shall not conduct or sponsor the collection of information unless, in advance of the adoption or revision of the request for collection of such information—

"(1) the agency has taken actions, including consultation with the Director, to—

"(A) eliminate, through the use of the Federal Information Locator System and other means, information collections which seek to obtain information available from another source within the Federal Government;

"(B) reduce to the extent practicable and appropriate the burden on persons who will provide information to the agency; and

"(C) formulate plans for tabulating the information in a manner which will enhance its usefulness to other agencies and to the public;

"(2) the agency (A) has submitted to the Director the proposed information collection request, copies of pertinent regulations and other related materials as the Director may specify, and an explanation of actions taken to carry out paragraph (1) of this subsection, and (B) has prepared a notice to be published in the Federal Register stating that the agency has made such submission; and

"(3) the Director has approved the proposed information collection request, or the period for review of information collection requests by the Director provided under subsection (b) has elapsed.

"(b) The Director shall, within sixty days of receipt of a proposed information collection request, notify the agency involved of the decision to approve or disapprove the request. If the Director determines that a request submitted for review cannot be reviewed within sixty days, the Director may, after notice to the agency involved, extend the review period for an additional thirty days. If the Director does not notify the agency of an extension, denial, or approval within sixty days (or, if the Director has extended the review period for an additional thirty days and does not notify the agency of a denial or approval within the time of the extension), a control number shall be assigned without further delay, the approval may be inferred, and the agency may collect the information for not more than one year.

"(c) Any disapproval by the Director, in whole or in part, of a proposed information collection request of an independent regulatory agency, or an exercise of authority under sections 3504(h) or 3509 concerning such an agency, may be voided, if the agency by a majority vote of its members overrides the Director's disapproval or exercise of authority. The agency shall certify each override to the Director, shall explain the reasons for exercising the overriding authority. Where the override concerns an information collection request, the Director shall without further delay assign a control number to such request, and such override shall be valid for a period of three years.

"(d) The Director may not approve an information collection request for a period in excess of three years.

"(e) If the Director finds that a senior official of an agency designated pursuant to section 3506(b) is sufficiently independent of program responsibility to evaluate fairly whether proposed information collection requests should be approved and has sufficient resources to carry out this responsibility effectively, the Director may, by rule in accordance with the notice and comment provisions of chapter 5 of title 5, United States Code, delegate to such official the authority to approve proposed requests in specific program areas, for specific purposes, or for all agency purposes. A delegation by the Director under this section shall not preclude the Director from reviewing individual information collection requests if the Director determines that circumstances warrant such a review. The Director shall retain authority to revoke such delegations, both in general and with regard to any specific matter. In acting for the Director, any official to whom approval authority has been delegated under this section shall comply fully with the rules and regulations promulgated by the Director.

"(f) An agency shall not engage in a collection of information without obtaining from the Director a control number to be displayed upon the information collection request.

"(g) If an agency head determines a collection of information (1) is needed prior to the expiration of the sixty-day period for the review of information collection requests established pursuant to subsection (b), (2) is essential to the mission of the agency, and (3) the agency cannot reasonably comply with the provisions of this chapter within such sixty-day period, the agency head may request the Director to authorize such collection of information prior to expiration of such sixty-day period. The Director shall approve or disapprove any such authorization request within one working day after its receipt and, if approved, shall assign the information collection request a control number. Any collection of information conducted pursuant to this subsection may be conducted without compliance with the provisions of this chapter for a maximum of 90 days after the date on which the Director received the request to authorize such collection.

"§ 3508. Determination of necessity for information; hearing

"Before approving a proposed information collection request, the Director shall determine whether the collection of information by an agency is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility. Before making a determination the Director may give the agency and other interested persons an opportunity to be heard or to submit statements in writing. To the extent, if any, that the Director determines that the collection of information by an agency is unnecessary, for any reason, the agency may not engage in the collection of the information.

"§ 3509. Designation of central collection agency

"The Director may designate a central collection agency to obtain information for two or more agencies if the Director determines that the needs of such agencies for information will be adequately served by a single collection agency, and such sharing of data is not inconsistent with any applicable law. In such cases the Director shall prescribe (with reference to the collection of information) the duties and functions of the collection agency so designated and of the agencies for which it is to act as agent (including reimbursement for costs). While the designation is in effect, an agency covered by it may not obtain for itself information which it is the duty of the collection agency to obtain. The Director may modify the designation from time to time as circumstances require. The authority herein is subject to the provisions of section 3507(c) of this chapter.

"§ 3510. Cooperation of agencies in making information available

"(a) The Director may direct an agency to make available to another agency, or an agency may make available to another agen-

cy, information obtained pursuant to an information collection request if the disclosure is not inconsistent with any applicable law or policy.

"(b) If information obtained by an agency is released by that agency to another agency, all the provisions of law (including penalties which relate to the unlawful disclosure of information) apply to the officers and employees of the agency to which information is released to the same extent and in the same manner as the provisions apply to the officers and employees of the agency which originally obtained the information. The officers and employees of the agency to which the information is released, in addition, shall be subject to the same provisions of law, including penalties, relating to the unlawful disclosure of information as if the information had been collected directly by that agency.

"§ 3511. Establishment and operation of Federal Information Locator System

"(a) There is established in the Office of Information and Regulatory Affairs a Federal Information Locator System (hereinafter in this section referred to as the 'System') which shall be composed of a directory of information resources, a data element dictionary, and an information referral service. The System shall serve as the register of all information collection requests.

"(b) In designing and operating the System, the Director shall—

"(1) design and operate an indexing system for the System;

"(2) require the head of each agency to prepare in a form specified by the Director, and to submit to the Director for inclusion in the System, a data profile for each information collection request of such agency;

"(3) compare data profiles for proposed information collection requests against existing profiles in the System, and make available the results of such comparison to—

"(A) agency officials who are planning new information collection activities; and

"(B) on request, members of the general public; and

"(4) ensure that no actual data, except descriptive data profiles necessary to identify duplicative data or to locate information, are contained within the System.

"§ 3512. Public protection

"Notwithstanding any other provision of law, no person shall be subject to any penalty for failing to maintain or provide information to any agency if the information collection request involved was made after December 31, 1981, and does not display a current control number assigned by the Director, or fails to state that such request is not subject to this chapter.

"§ 3513. Director review of agency activities; reporting; agency response

"(a) The Director shall, with the advice and assistance of the Administrator of General Services, selectively review, at least once every three years, the information management activities of each agency to ascertain their adequacy and efficiency. In evaluating the adequacy and efficiency of such activities, the Director shall pay particular attention to whether the agency has complied with section 3506.

"(b) The Director shall report the results of the reviews to the appropriate agency head, the House Committee on Government Operations, the Senate Committee on Governmental Affairs, the House and Senate Committees on Appropriations, and the committees of the Congress having jurisdiction over legislation relating to the operations of the agency involved.

"(c) Each agency which receives a report pursuant to subsection (b) shall, within sixty days after receipt of such report, prepare and transmit to the Director, the House Committee on Government Operations, the Senate Committee on Governmental Affairs, the House and Senate Committees on Appropriations, and the committees of the Congress having jurisdiction over legislation relating to the operations of the agency, a written statement responding to the Director's report, including a description of any measures taken to alleviate or remove any problems or deficiencies identified in such report.

"§ 3514. Responsiveness to Congress

"(a) The Director shall keep the Congress and its committees fully and currently informed of the major activities under this chapter, and shall submit a report thereon to the President of the Senate and the Speaker of the House of Representatives annually and at such other times as the Director determines necessary. The Director shall include in any such report—

"(1) proposals for legislative action needed to improve Federal information management, including, with respect to information collection, recommendations to reduce the burden on individuals, small businesses, State and local governments, and other persons;

"(2) a compilation of legislative impediments to the collection of information which the Director concludes that an agency needs but does not have authority to collect;

"(3) an analysis by agency, and by categories the Director finds useful and practicable, describing the estimated reporting hours required of persons by information collection requests, including to the extent practicable identification of statutes and regulations which impose the greatest number of reporting hours;

"(4) a summary of accomplishments and planned initiatives to reduce burdens of Federal information collection requests;

"(5) a tabulation of areas of duplication in agency information collection requests identified during the preceding year and efforts made to preclude the collection of duplicate information, including designations of central collection agencies;

"(6) a list of each instance in which an agency engaged in the collection of information under the authority of section 3507(g) and an identification of each agency involved;

"(7) a list of all violations of provisions of this chapter and rules, regulations, guidelines, policies, and procedures issued pursuant to this chapter; and

"(8) with respect to recommendations of the Commission on Federal Paperwork—

"(A) a description of the specific actions taken on or planned for each recommendation;

"(B) a target date for implementing each recommendation accepted but not implemented; and

"(C) an explanation of the reasons for any delay in completing action on such recommendations.

"(b) The preparation of any report required by this section shall not increase the collection of information burden on persons outside the Federal Government.

"§ 3515. Administrative powers

"Upon the request of the Director, each agency (other than an independent regulatory agency) shall make its services, personnel, and facilities available to the Director for the performance of functions under this chapter.

"§ 3516. Rules and regulations

"The Director may promulgate rules, regulations, or procedures necessary to exercise the authority provided by this chapter.

"§ 3517. Consultation with other agencies and the public

"In the development of information policies, plans, rules, regulations, and procedures, and in approving information collection requests, the Director shall provide affected agencies and persons early and meaningful opportunity for consultation.

"§ 3518. Effect on existing laws and regulations

"(a) Except as otherwise provided in this chapter, the authority of an agency under any other law to prescribe policies, rules, regulations, and procedures for Federal information activities is subject to the authority conferred on the Director by this chapter.

"(b) Nothing in this chapter shall be deemed to affect or reduce the authority of the Secretary of Commerce pursuant to Reorganization Plan No. 1 of 1977 (as amended) and Executive order, relating to telecommunications and information policy, procurement and management of telecommunications and information systems, spectrum use, and related matters.

"(c)(1) Except as provided in paragraph (2), this chapter does not apply to the collection of information—

"(A) during the conduct of a Federal criminal investigation or prosecution, or during the disposition of a particular criminal matter;

"(B) during the conduct of (i) a civil action to which the United States or any official or agency thereof is a party or (ii) an administrative action or investigation involving an agency against specific individuals or entities;

"(C) by compulsory process pursuant to the Antitrust Civil Process Act; or

"(D) during the conduct of intelligence activities as defined in section 4-206 of Executive Order 12036, issued January 24, 1978, or successor orders.

"(2) This chapter applies to the collection of information during the conduct of general investigations (other than information collected in an antitrust investigation to the extent provided in subparagraph (C) of paragraph (1)) undertaken with reference to a category of individuals or entities such as a class of licensees or an entire industry.

"(d) Nothing in this chapter shall be interpreted as increasing or decreasing the authority conferred by Public Law 89-306 on the Administrator of the General Services Administration, the Secretary of Commerce, or the Director of the Office of Management and Budget.

"(e) Nothing in this chapter affects in any way an existing authority of the President, the Office of Management and Budget or the Director thereof, under the laws of the United States, with respect to the substantive policies and programs of departments, agencies and offices.

"§ 3519. Access to information

"Under the conditions and procedures prescribed in section 313 of the Budget and Accounting Act of 1921, as amended, the Director and personnel in the Office of Information and Regulatory Affairs shall furnish such information as the Comptroller General may require for the discharge of his responsibilities. For this purpose, the Comptroller General or representatives thereof shall have access to all books, documents, papers and records of the Office.

"§ 3520. Authorization of appropriations

"There are hereby authorized to be appropriated to carry out the provisions of this chapter, and for no other purpose, sums—

"(1) not to exceed $8,000,000 for the fiscal year ending September 30, 1981;

"(2) not to exceed $8,500,000 for the fiscal year ending September 30, 1982; and

"(3) not to exceed $9,000,000 for the fiscal year ending September 30, 1983."

(b) The item relating to chapter 35 in the table of chapters for such title is amended to read as follows:

"35. Coordination of Federal Information Policy.

(c)(1) Section 2904(10) of such title is amended to read as follows:

"(10) report to the appropriate oversight and appropriations committees of the Congress and to the Director of the Office of Management and Budget annually and at such other times as the Administrator deems desirable (A) on the results of activities conducted pursuant to paragraphs (1) through (9) of this section, (B) on evaluations of responses by Federal agencies to any recommendations resulting from inspections or studies conducted under paragraphs (8) and (9) of this section, and (C) to the extent practicable, estimates of costs to the Federal Government resulting from the failure of agencies to implement such recommendations."

(2) Section 2905 of such title is amended by redesignating the text thereof as subsection (a) and by adding at the end of such section the following new subsection:

"(b) The Administrator of General Services shall assist the Associate Director for the Office of Information and Regulatory Affairs in conducting studies and developing standards relating to record retention requirements imposed on the public and on State and local governments by Federal agencies."

SEC. 3. (a) The President and the Director of the Office of Management and Budget may delegate to the Associate Director for the Office of Information and Regulatory Affairs all functions, authority, and responsibility under section 103 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 186). The Director may not delegate such functions, authority, and responsibility to any other officer or employee of the Office of Management and Budget.

(b) The Director of the Office of Management and Budget may delegate, but only to the Associate Director for the Office of Information and Regulatory Affairs all functions, authority, and responsibility of the Director under section 552a of title 5, United States Code, and under sections 110 and 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 757 and 759). The Director may not delegate such functions, authority, and responsibility to any other officer or employee of the Office of Management and Budget.

SEC. 4. (a) Section 400A of the General Education Provisions Act is amended by (1) striking out "and" after "institutions" in subsection (a)(1)(A) and inserting in lieu thereof "or" and (2) by amending subsection (a)(3)(B) to read as follows:

"(B) No collection of information or data acquisition activity subject to such procedures shall be subject to any other review, coordination, or approval procedure outside of the relevant Federal agency, except as required by this subsection and by the Director of the Office of Management and Budget under the rules and regulations established pursuant to chapter 35 of title 44, United States Code. If a requirement for information is submitted pursuant to this Act for review, the timetable for the Director's approval established in section 3507 of the Paperwork Reduction Act of 1980 shall commence on the date the request is submitted, and no independent submission to the Director shall be required under such Act.".

(b) Section 201(c) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1211) is repealed.

(c) Section 708(f) of the Public Health Service Act (42 U.S.C. 292h(f) is repealed.

(d) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following:

"Associate Director, Office of Information and Regulatory Affairs, Office of Management and Budget.".

SEC. 5. This Act shall take effect on October 1, 1980.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. CHILES. Mr. President, the purpose of S. 1411, which is now before the Senate, is to eliminate unnecessary paperwork burdens imposed by the Federal Government upon the public and minimize the cost of collecting and using information for Government information.

The bill establishes a goal to reduce the paperwork burden by 25 percent and establishes a reasonable set of controls to accomplish this objective and make the shower of paperwork requirements that rain upon the public more manageable.

NEED FOR LEGISLATION

The Federal Paperwork Commission estimated 3 years ago that the cost of Federal paperwork requirements amounted to $100 billion a year—some $500 for every man, woman, and child in this country. Much of that cost does not show up as an expenditure in the Federal budget. Instead, the public spends the time, money, and effort in "hidden taxes" at home, in their business, or by way of higher consumer prices.

Federal paperwork requirements, whether they are tax forms, medicare forms, financial loans, job applications, or compliance reports, are something each individual touches, feels, and works on. The cumulative impact is excessive, too many paperwork requirements are unnecessary and wasteful. Every 1 percent reduction achieved is a billion dollars saved.

Today many Federal programs attempt to serve large numbers of people in a variety of ways, such as protecting civil rights, providing decent housing and insuring safe and healthy working conditions.

In those and other areas, Congress has made critically important commitments to the people of this Nation. In order to be effective, many of those programs must collect information from the public in order to make intelligent decisions on standards, benefits, and other Government actions. In other cases, information must be collected in order to inform the public of various matters of general concern.

The Paperwork Reduction Act has a twofold objective. First, it will insure that agencies make only necessary—and I underline that, Mr. President, necessary—information requests of the public. And second, those burdens which are found to be unnecessary and wasteful will be eliminated.

During field hearings on Federal paperwork problems that I and Senator DANFORTH held, we received testimony from people in all walks of life and learned that paperwork costs go beyond financial costs.

Several small business counselors testified that many clients refuse to expand their business because of the added paperwork they would face. One counselor taped together the forms any potential small business person must know just to think about getting into business. They stretched across an entire room. Small business is being strangled to the point of closing their doors.

The burden of filling out forms is causing doctors to discourage medicare business. Processing a medicare claim has become a nightmare for many older Americans. Hospitals have witnessed an explosion in paperwork since the advent of medicare. One hospital president testified his institution's clerical staff increased 15 percent in the first year of medicare.

A young doctor, just entering practice, estimated that only 15 percent of the doctors in Jacksonville will ever accept medicaid patients in their office because of paperwork requirements.

A pharmacist demonstrated how it takes some 7 minutes to fill a prescription and get paid if someone walks off the street, but as a medicaid provider to nursing homes he is lucky to get paid in 7 months.

Classroom teachers reported that at a minimum, it takes 26 extra working days a year to fill out their paperwork. That is class time taken away from children or time at home without pay.

State and local government officials, university presidents, and community leaders repeatedly estimated that 10 to 30 percent of Federal grant funds are wasted in unnecessary paperwork costs. That is money lost, at least $8 billion nationally, that could be going to needed program services.

A CETA administrator from Orlando showed me a single funding application that was 5,814 pages and required 46 original signatures from the mayor and chairman of the board of county commissioners.

Most frightening was the testimony of several witnesses who said they were "afraid of their Government." They have been bombarded with Government forms, neglected or wrongly answered some particular form, and were afraid that the "Government" was going to "get" them as a result—a nagging feeling of fear.

The frustration and fear expressed by witnesses revealed the human dimension of unnecessary Federal paperwork requirements. There is a strong feeling among many citizens of this country that Federal paperwork requirements are "out of control."

I think every Senator is familiar with the horror stories of Federal paperwork. We hear about them every time we go home, and they are by no means new to the Congress. But thus far we have had a hard time getting a grip on them or starting to do something about it.

I want to especially note Senator NELSON, the chairman of the Small Business Committee, Senator BAYH, Senator ROTH, and Senator BELLMAN, all of whom have introduced bills to reduce paperwork. S. 1411 is a comprehensive effort which incorporates provisions from all these bills and I want to thank them for their assistance.

The Paperwork Reduction Act is a response to the need to eliminate unneces-

sary Federal paperwork demands. The committee benefited considerably from its own hearings, and the work and recommendations of the Federal Paperwork Commission, the General Accounting Office, the White House Conference on Small Business, the President's Federal data processing reorganization project, and other Senate bills.

The Government-wide management system created should not only help solve information management problems we have today, but for the future as well. Federal paperwork problems are often a physical manifestation of a Federal role in society. Citizens should be able to feel confident that the Federal role is necessary and managed competently.

WHAT THE BILL DOES

The bill mandates a goal of 25-percent reduction of paperwork burden over 3 years, after which the Sun sets on the bill's authorization.

The legislation assures that paperwork and reports required by the Federal Government are checked to see whether information requested is first, needed; second, not duplicative, and third, collected in an efficient manner.

The Director of OMB will be accountable for this checking and will have responsibility for preventing duplicative and unnecessary paperwork burdens.

All requests of the public will reflect an OMB control number, an expiration date, and a statement on why the information is needed, how it will be used and whether it is a voluntary or mandatory request.

Requests which do not reflect their purpose and a control number will be "bootleg" forms and will not have to be honored by the public.

The "public protection" section in this bill enables every citizen, State and local government, university or college, or small business to participate in minimizing unnecessary paperwork by ignoring "bootleg" forms.

The bill will put together the following information policy functions in an Office of Information and Regulatory Affairs within OMB: General information, paperwork clearance, statistical policy, records management, privacy, and automatic data processing and telecommunications.

A senior official within each agency will insure a greater agency role in managing information resources.

A Federal information locator system is established to assist agencies and the director of OMB manage information resources and prevent duplicative reporting burdens on the public.

The Paperwork Reduction Act is a rewrite of the Federal Reports Act of 1942 and implements key recommendations of the Federal Paperwork Commission. Significantly, all exemptions to the original reports act, except the Federal Election Commission, will be eliminated. Independent regulatory commissions will have the authority to override any disapproval of an information request of the public by a majority vote.

A companion bill, H.R. 6410, has been passed by the House.

Mr. President, I have found paperwork demands are one thing growing faster than inflation. I believe this legislation establishes meaningful controls and I encourage the Senate to take this opportunity to pass this important legislation.

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

Mr. CHILES. Yes. I yield to the distinguished Senator from Arizona.

Mr. GOLDWATER. Mr. President, I repeat I was not here when this matter had all been worked out. I might outline why the Intelligence Committee and, I think for the same reasons, the Armed Services Committee were opposed to this. It was wrapped up in the computer. Have you worked that out?

Mr. CHILES. Yes, I think we have, and the distinguished Senator from Washington (Mr. JACKSON) is on the floor and will have some amendments. But we have expressly said, among other things, that nothing in this bill shall affect the intelligence-gathering operation apparatus of the United States, and we are putting that in by virtue of amendment, and also putting that in the report.

I think we are about ready now to go to the Senator from Washington who has some amendments which, I believe, will clear up any problems in this area.

Mr. GOLDWATER. I have just two other short questions.

Mr. CHILES. Yes.

Mr. GOLDWATER. On page 36 of the bill, section 3503, Office of Information and Regulatory Affairs, can the Senator tell me about how large this Office of Information and Regulatory Affairs might be?

Mr. CHILES. I would say to the distinguished Senator from Arizona that basically what we are doing is aggregating personnel who are already there, and trying to bring them into this office. I do not envision they should need any more than a few additional personnel, if any. But certainly we are not talking about a large office. We are not talking about another bureaucracy in itself. We are talking about really combining some people who are already there.

I just wanted to say in passing that former Senator McIntyre, who happens to be walking on the floor right now, is the one who sort of got me started in paperwork reform. He headed up a commission, the commission that we had, that did this 3-year study on paperwork, and found what we were talking about in the waste here. In no way are we trying to start another bureaucracy by that. Senator McIntyre and his leadership really started the ball rolling.

Mr. GOLDWATER. Mr. President, I thank my friend for yielding. I am very glad he has gotten this thing worked out because I am as much opposed to paperwork as anyone in this Chamber. I serve on three different hospital boards, and I know that possibly the biggest reason why the people of this country are paying more money for hospital rooms today is the fact that paperwork has to be done.

I know of one hospital I have worked with which has had to hire 60 extra people just to keep up with the paperwork.

So I thank the Senator for making the changes.

If the Senator would not object, I would like to join him as a cosponsor.

Mr. CHILES. I would be delighted to have the Senator from Arizona as a cosponsor.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that I may be added as a cosponsor.

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

Mr. GOLDWATER. I thank my friend.

Mr. RANDOLPH. Mr. President, will the Senator from Florida also give me the opportunity to join the Senators from Arizona and from Florida as a cosponsor?

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

UP AMENDMENT NO. 1776

Mr. CHILES. Mr. President, I send to the desk some amendments on behalf of Senator JACKSON and ask for their immediate consideration.

The PRESIDING OFFICER. Is the Senator asking that they be considered en bloc?

Mr. CHILES. Mr. President, I ask unanimous consent that they be considered en bloc.

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

The clerk will state the amendments.

The assistant legislative clerk read as follows:

The Senator from Florida (Mr. CHILES), on behalf of Mr. JACKSON, proposes an unprinted amendment numbered 1776.

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

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

The amendments en bloc are as follows:

On page 46, line (18), after the word "or", insert the following: ", in the case of military departments, and the Office of the Secretary of Defense,".

On page 46, line (20), after the word "chapter.", add the following: "If more than one official is appointed for the military departments the respective duties of the officials shall be clearly delineated."

On page 32, between lines 22 and 23, insert the following:

"(2) The terms 'automatic data processing,' 'automatic data processing equipment,' and 'telecommunications' do not include any data processing & telecommunications system or equipment, the function, operation or use of which—

"(A) involves intelligence activities;

"(B) involves cryptologic activities related to national security;

"(C) involves the direct command and control of military forces;

"(D) involves equipment which is an integral part of a weapon or weapons system; or

"(E) is critical to the direct fulfillment of military or intelligence missions, provided that this exclusion shall not include automatic data processing or telecommunications equipment used for routine administrative and business applications such as payroll, finance, logistics, and personnel management. Redesignate paragraphs (2) through (16) of section 3502 as paragraphs (3) through (17), respectively.

(A) On page 36, strike out lines (6) through (12).

(B) On page 63, in line (5), insert "under Executive Order 12046 and Reorganization Plan No. 1 for telecommunications," after "code,".

On page 44, line (8), insert the following immediately before the semicolon: ", or for

cryptologic activities that are communications security activities".

On page 60, line (3), insert the following immediately before the period: ", or during the conduct of cryptologic activities that are communications security activities".

On page 59, line 8, after the term "Secretary of Commerce", add "or the Director of the Office of Management and Budget"

Mr. JACKSON. Mr. President, an important reason for the addition of a definition of ADPE in S. 1411 is to insure that the Department of Defense and intelligence agencies have the flexibility to proceed with timely procurement of needed systems and that sensitive information concerning such systems be restricted to those who have a need to know such information. The detailed budget review process provides more than adequate safeguards without having to add additional review, approval and oversight authorities.

Is it the Senator's understanding that Congress originally intended that similar considerations should pertain to the authorities of the administrator of GSA under Public Law 89-306 and that the administrator should, in fact, delegate general procurement authority to agencies and departments that procure systems for intelligence, cryptologic and direct military purposes?

Mr. CHILES. Yes, section 111(b)(2) provides the administrator with the specific authority to make such broad delegations and I would think that the administrator should make liberal use of that authority for the categories of ADPE described in the definition of ADPE contained in S. 1411. One criterion for a delegation is that it is essential to national defense or national security. The agencies charged with responsibility for defense and security matters are clearly in the best position to determine whether their ADPE needs meet this essentiality standard. Therefore, the GSA administrator should defer to the defense and security agencies on these matters.

I also agree that it is particularly important that information concerning the use, type, location and other information pertaining to the application of ADPE to intelligence, cryptologic sensitive military communications, command and control and weapons systems be protected and not disseminated throughout the Government.

The General Services Administration, the Office of Management and Budget and the General Accounting Office should reexamine their present review and audit procedures to insure that these efforts do not impinge upon these areas, as specified in the definition of ADPE in S. 1411. In addition, the Department of Commerce should look at its standard procedures for granting waivers to insure that waivers in this area are not arbitrarily denied, and that such procedures do not involve burdensome paperwork or public disclosure.

Such actions would ensure that Public Law 89-306 would be applied as originally intended, and that ADPE could be acquired by intelligence, cryptologic and military agencies and departments without unnecessary delays, paperwork, access by individuals without a need-to-know, and public disclosures.

In summary, it is our view that Public Law 89-306 should be applied in ways so as to protect national security and intelligence activities from undue harassment. Further, if there is harassment in the future, then appropriate statutory remedies will be sought.

Is it the Senator's understanding that the definition now provided in S. 1411 for ADPE is operative only for this act, and is consistent with the provision of S. 1411 which states that—

Nothing in this chapter shall be interpreted as increasing or decreasing the authority conferred by Public Law 89-306 on the Administrator of the General Services Administration, the Secretary of Commerce, or the Director of the Office of Management and Budget?

Mr. JACKSON. Yes, that is my understanding. Moreover, the definition will have no effect upon automatic data processing equipment procured and used by the intelligence and military agencies for administrative and business applications such as payroll, finance, logistics and personnel management. In addition, to the maximum degree feasible and consistent with U.S. national security interests, publicly advertised, competitively bid procedures would continue to be employed in the acquisition of commercially available ADP equipment used in support roles for military and intelligence activities.

Mr. CHILES. Mr. President, these are the amendments that Senator JACKSON and other Members that were concerned about intelligence activities and the activities dealing with the Armed Forces were concerned about. These are the amendments that we consented to place in on that basis.

Mr. President, I move the amendments be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendments en bloc.

The amendment (UP No. 1776) was agreed to, en bloc.

UP AMENDMENT NO. 1777

Mr. CHILES. Mr. President, on behalf of the Senator from Massachusetts (Mr. KENNEDY) I send amendments to the desk and ask that they be considered en bloc.

The PRESIDING OFFICER. Is there objection? Without objection, the amendments will be considered en bloc.

The clerk will report the amendments.

The assistant legislative clerk read as follows:

The Senator from Florida (Mr. CHILES) on behalf of Mr. KENNEDY proposes an unprinted amendment numbered 1777.

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

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

The amendments en bloc are as follows:

On page 60, line (20), after the word "offices", insert ", including the substantive authority of any Federal agency to enforce the civil rights laws".

On page 59, line (25), after the word "Act", insert "and section 13 of the Federal Trade Commission Improvements Act of 1980".

On page 58, strike lines (20) through (24) and insert: "In development of information policies, plans, rules, regulations, procedures, and guidelines and in reviewing information collection requests, the Director shall provide interested agencies and persons early and meaningful opportunity to comment."

On page 58, line (12), after the word "shall", insert ", to the extent practicable,".

On page 49, line (7), after the word "request" insert "and shall make such decisions publicly available".

On page 43, strike lines (1) through (11), and insert:

"(h)(1) As soon as practicable, but no later than publication of a notice of proposed rulemaking in the Federal Register, each agency shall forward to the Director a copy of any proposed rule which contains a collection of information requirement and upon request, information necessary to make the determination required pursuant this section."

"(2) Within 60 days after the notice of proposed rulemaking is published in the Federal Register, the Director may file public comments pursuant to the standards set forth in Section 3508 on the collection of information requirement contained in the proposed rule."

"(3) When a final rule is published in the Federal Register, the agency shall explain how any collection of information requirement contained in the final rule responds to the comments, if any, filed by the Director or the public, or explain why it rejected those comments."

"(4) The Director has no authority to disapprove any collection of information requirement specifically contained in an agency rule, if he has received notice and failed to comment on the rule within 60 days of the notice of proposed rulemaking."

"(5) Nothing in this section prevents the Director, in his discretion—

"(A) from disapproving any information collection request which was not specifically required by an agency rule;

"(B) from disapproving any collection of information requirement contained in an agency rule, if the agency failed to comply with the requirements of paragraph (1) of this subsection; or

"(C) from disapproving any collection of information requirement contained in a final agency rule, if the Director finds within 60 days of the publication of the final rule that the agency's response to his comments filed pursuant to paragraph (2) of this subsection was unreasonable."

"(D) from disapproving any collection of information requirement where the Director determines that the agency has substantially modified in the final rule the collection of information requirement contained in the proposed rule where the agency has not given the Director the information required in paragraph (1), with respect to the modified collection of information requirement, at least sixty days before the issuance of the final rule."

"(6) The Director shall make publicly available any decision to disapprove a collection of information requirement contained in an agency rule, together with the reasons for such decision."

"(7) The authority of the Director under this subsection is subject to the provisions of section 3507(c)."

"(8) This subsection shall apply only when an agency publishes a notice of proposed rulemaking and requests public comments."

"(9) There shall be no judicial review of any kind of the Director's decision to approve or not to act upon a collection of information requirement contained in an agency rule.

Mr. CHILES. Mr. President, I appreciate the concerns raised by the Senator

from Massachusetts and am glad that we are able to accommodate those concerns. S. 1411 was designed to insure that all agencies can vigorously enforce their substantive mandates from the Congress. Section 3518 specifically states that this bill does not change existing relations of the President and OMB with respect to the substance of agency programs. Moreover, it is important to recognize that section 3518 of S. 1411 specifically recognizes the special agency needs attached to the enforcement of the laws by singling out information requests associated with specific enforcement activities and exempting them from OMB review. For example, the bill as reported by committee, exempts information collections associated with Federal criminal investigations, with compulsory process under the Antitrust Civil Process Act and so forth. The section 3518 exemption does not apply, however, to general agency information requests. In all instances except the specific enforcement activities spelled out in section 3518, the general scheme of the bill, with its OMB review of all agency information collections request, would apply.

What we are doing with this amendment is providing the same sort of exemption for the enforcement of civil rights laws. Senator KENNEDY feels, and I agree with him, that we need to recognize the special emphasis our Constitution places upon guaranteeing civil rights for all Americans, and the special role the Federal Government is asked to play in enforcing that constitutional guarantee. In amending the section 3518 exemptions to include civil rights enforcement actions, it should be understood that the scope of the exemption is similar to the scope of the exemptions currently provided in the bill for other enforcement activities.

In other words, section 3518, as amended, would make a distinction between specific information collection requests associated with civil rights enforcement actions which would be exempt from OMB review, and other more general information requests by agencies charged with enforcing the civil rights laws, which would still be subject to OMB review. The mere fact that an information request is being issued by an agency charged with enforcing the civil rights laws does not exempt it from OMB review. The key consideration in terms of the section 3518 exemption is that the request itself be related to a specific enforcement action.

This is my understanding of the effects of the amendment and I think it is important to make that understanding clear at this point in the legislative history.

● Mr. KENNEDY. Mr. President, I would like to express my support for the passage of the Paperwork Reduction Act of 1980, S. 1411, which is designed to reduce the amount of unnecessary paperwork and "redtape" imposed on the American public without unduly interfering with the ability of Federal agencies to accomplish important national goals.

As reported out of the Governmental Affairs Committee, the legislation raises some serious concerns about the role of the Office of Management and Budget (OMB) in overseeing the information collection activities of Federal agencies. While I certainly support strong executive management of the Federal regulatory system, this management objective should be tempered by other legitimate public policy concerns. This legislation would permit the director of OMB to overturn a rule which was adopted by an agency without providing any procedural rights for the people affected by the rule or for the agency that promulgated the rule. Thus, even if any agency has complied with all the appropriate procedural requirements for public notice and comment, and has spent years compiling an adequate agency record, this legislation would permit OMB to overturn that agency decision without even requiring OMB to justify its decision publicly. This violates basic notices of fairness upon which the Administrative Procedure Act is based, as well as concepts of due process embodied in the U.S. Constitution.

Mr. President, I have proposed several amendments, accepted by the Governmental Affairs Committee, which deal with this, and other concerns, raised by S. 1411. Most importantly, I have sponsored an amendment which limits the authority of OMB to overturn reporting, recordkeeping, and other information collection requirements adopted by a Federal agency in a rulemaking proceeding. This amendment establishes a procedural scheme which governs OMB's relationship with the Federal agencies.

First, an agency is required to notify OMB as soon as possible, but no later than the date upon which a notice of proposed rulemaking is published in the Federal Register, of a proposed information collection requirement.

Second, the director of OMB is required to comment on the agency's information collection requirements in the proposed rule within 60 days or forfeit its rights to review those requirements at a later time. In these comments, the director of OMB would suggest alternative methods of collecting information more efficiently.

Third, when the agency adopts its final rule, it must respond to those comments by modifying the information collection requirements or by explaining why it rejected OMB's suggestions.

If the agency does not forward a copy of its proposed information collection requirements to OMB, OMB retains its right to review that request even though it has not filed comments during the rulemaking proceeding. Moreover, if an agency intends to modify substantially the information collection requirements which were in the proposed rule, this amendment insures that OMB has at least 60 days to comment on these modified requirements before the final rule is issued.

This amendment would provide the final power to OMB to overturn an agency's recordkeeping or reporting requirements only if it made a public finding that the agency's response was "unreasonable." With respect to independent agencies, a majority of the members of the agency would retain the right to override OMB under section 3507(c).

This amendment would not affect OMB's right to review forms or other information collection requests which were not specifically required by an agency rule.

In essence, this amendment is designed to force the agency and OMB to consider information collection requirements early in the process with a meaningful opportunity for public comment on OMB's alternatives.

As chairman of the Senate Judiciary Committee—the committee which has primary responsibility for the civil rights laws—I was also concerned about the impact of this legislation on civil rights enforcement. Therefore, I proposed another amendment, which was accepted by the Governmental Affairs Committee, to clarify section 3518(e) to show that nothing in the act will affect the substantive authority and responsibility of the Justice Department and of the Equal Employment Opportunity Commission or any other Federal agency under law or executive order to enforce the civil rights laws of the United States and to supervise the enforcement of the civil rights laws by other departments and agencies of the Federal Government.

This amendment responds to my concerns, and the concerns of many civil rights groups, that the legislation may have jeopardized the responsibility of the Justice Department to supervise enforcement of title VI fund cutoffs by other departments under executive order or the power of the EEOC to monitor enforcement of title VII and, in particular, Federal contract compliance programs. This amendment reflects the particular concern which the Congress has for vigorous enforcement of the civil rights laws by those agencies entrusted with this duty.

The Governmental Affairs Committee has accepted other minor amendments which were intended to make the OMB oversight of information collection activities more open to the public by creating procedural rights for interested members of the public and the affected agencies.

In closing, Mr. President, I would like to reiterate my support for this legislation as amended, and to commend Senator CHILES for his work in this area. As one who has fought long and hard for airline deregulation, trucking deregulation and comprehensive regulatory reform legislation, I support all responsible measures to make regulatory activities of the Federal Government more effective and less burdensome without hamstringing agencies in their efforts to accomplish statutory goals.●

Mr. DANFORTH. Mr. President, I am willing to accept the Kennedy amendment, which is intended to clarify the authority of the Director of the OMB to review Federal rules and regulations to determine their impact on Federal paperwork. Essentially, as I understand it, the purpose of the Kennedy amendment is to prevent OMB from undoing a collection of information requirement specifically contained in an agency rule after

that requirement has gone through the administrative rulemaking process if the OMB Director ignored the rulemaking process. This seems fair enough.

I note, however, that this limitation on OMB's authority is confined to requirements specifically contained in agency rules. It does not disturb OMB's authority to block information collection requests issued pursuant to rules, neither is it license to agencies to avoid OMB review of paperkeeping requirements bootstrapped to vague requirements in agency rules.

With this understanding, the amendment is acceptable.

Mr. CHILES. Mr. President, I move that the amendment be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 1777) was agreed to.

UP AMENDMENT NO. 1778

Mr. CHILES. Mr. President, I send to the desk some clarifying amendments that bring the bill into conformation with the agreements that we have made with the respective parties and ask that they be considered en bloc.

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

The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Florida (Mr. CHILES) proposes an unprinted amendment numbered 1778.

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

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

The amendments en bloc are as follows:

On page 33, in line 20, strike out "common" and insert "standard and uniform".

On page 34, in line 1, strike out "list" and insert "description".

On pages 36 and 37, strike out subsection (b) of section 3503 and insert the following new subsection:

"(b) There shall be at the head of the office an Administrator who shall be appointed by, and who shall report directly to, the Director. The Director shall delegate to the Administrator the authority to administer all functions under this chapter, except that any such delegation shall not relieve the Director of responsibility for the administration of such functions. The Administrator shall serve as principal adviser to the Director on Federal information policy."

On page 37, strike out subsection (a) of section 3504 and insert the following new subsection:

"(a) The Director shall develop and implement Federal information policies, principles, standards, and guidelines and shall provide direction and oversee the review and approval of information collection requests, the reduction of the paperwork burden, Federal statistical activities, records management activities, privacy of records, interagency sharing of information, and acquisition and use of automatic data processing, telecommunications and other technology for managing information resources. The authority under this section shall be exercised consistent with applicable law."

On page 37, in line 16, strike out "establishing uniform" and insert "developing and implementing uniform and consistent".

On page 40, in line 9, strike out "overseeing" and insert "developing and implementing".

On page 41, in line 12, strike out "establishing" and insert "developing and implementing".

On page 41, in line 15, after the word "by", insert "or on behalf of".

On page 41, in line 24, strike out "establishing" and insert "developing and implementing".

On page 45, strike out lines 10 through 16, and insert the following:

"(C) develop a program to (i) enforce Federal information processing standards, particularly software language standards, at all Federal installations; and (ii) revitalize the standards development program established pursuant to section 759(f)(2) of title 40, United States Code, separating it from peripheral technical assistance functions and directing it to the most productive areas;"

On page 51, strike out lines 12 through 16, and insert the following: "day period because (A) public harm will result if normal clearance procedures are followed, or (B) an unanticipated event has occurred and the use of normal clearance procedures will prevent or disrupt the collection of information related to the event or will cause a statutory deadline to be missed, the agency head may request the Director to authorize such collection of information prior to expiration of such sixty-day period. The Director shall approve or disapprove any such authorization request within the time requested by the agency head and, if approved, shall assign the information".

On page 53, in line 7, strike out "or policy".

On page 54, in line 1, add "authoritative" before "register."

On page 57, in line 3, after the word "practicable" add "the direct budgetary costs of the agencies and".

On page 58, in line 16 strike out "may" and insert "shall".

On page 60, in line 16 strike the words, "affects in any way an existing" and insert "shall be interpreted as increasing or decreasing the".

On page 62, in line 18, strike out "may" and insert "shall"; in line 22, strike out "186" and insert "18b"; and strike out the last sentence of section 3(a).

On page 63, in line 2 strike out, "may delegate, but only" and insert "shall delegate"; in lines 5 and 6, strike out "sections 110 and" and insert "section"; in line 7, strike "757 and"; and delete the last sentence of section 3(b).

On page 64, in line 13, strike "October 1, 1980" and insert "April 1, 1981".

Wherever found in this bill the "Associate Director" shall be deleted and in lieu thereof "Administrator" shall be inserted.

On page 62, line 12.

On page 62, lines 18 and 19.

On page 63, line 2.

On page 64, line 10.

Mr. CHILES. Mr. President, I ask that the amendment be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida (Mr. CHILES).

The amendment (UP No. 1778) was agreed to.

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

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

Mr. CHILES. Mr. President, I ask unanimous consent that S. 1411 be temporarily set aside to take up the power bill and then we will come back to S. 1411.

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

PACIFIC NORTHWEST ELECTRIC POWER PLANNING AND CONSERVATION ACT

Mr. JACKSON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 885.

The PRESIDING OFFICER (Mr. BOREN) laid before the Senate the amendment of the House of Representatives to the bill, S. 885, to assist the electrical consumers of the Pacific Northwest through use of the Federal Columbia River Power System to achieve cost-effective energy conservation, to encourage the development of renewable energy resources, to establish a representative regional power planning process, to assure the region of an efficient and adequate power supply, and for other purposes.

(The amendment of the House is printed in the RECORD of November 17, 1980, beginning at page H10661.)

Mr. JACKSON. Mr. President, S. 885, the Pacific Northwest Electric Power Planning and Conservation Act, now pending before the Senate is the product of more than 5 years of public debate, hard work, and cooperation among a wide variety of regional interests and bipartisan congressional efforts to develop workable solutions to extremely complex utility planning problems. The bill before us is the result of a legislative process of consensus and compromise in which an effort has been made at every stage to accommodate the views of every interest group and every member of the Northwest delegation to the maximum extent possible. The Northwest power bill has been the subject of closer legislative scrutiny than any regional legislation in my memory. I believe that the bill has benefited at every stage of the legislative process from the careful attention which has been devoted to every detail and I am proud to be associated with the end product of this process.

Reduced to one sentence the heart of the regional power bill is the authority for BPA to acquire from non-Federal entities additional electric power resources, including conservation, to meet the electric needs of Northwest consumers.

Why is it necessary to give this authority to Bonneville instead of relying solely on existing utility systems, public and private, to meet growth needs?

The reason is that we are on the verge of a decade-long legal and administrative battle over the allocation of the large but limited pool of low-cost Federal power. Unless the allocation issue is resolved promptly through legislation, no utility will be able to dependably plan its future

needs and power supply. The ultimate division of the limited Federal resource depends on unpredictable variables such as the outcome of the BPA allocation proceeding, legal challenges to that decision, new preference customer formations, and efforts by big industrial users to become customers of preference customers.

The only effective and workable way to resolve this dilemma is to expand the resource pool through BPA purchase authority and to legislatively allocate its costs among customer groups. This eliminates the need to fight over a limited resource and the uncertainty about the outcome of that battle which prevents rational utility planning at present.

The advantages of the regional power bill for the Northwest will be enormous:

First. First and foremost, the region is extraordinarily dependent on electric energy. In the absence of legislation resolving the allocation issue, the whole fabric of the utility industry and the Northwest economy will be in turmoil for a decade.

Second. Regional financing of resources through BPA will result in lower resource financing costs, primarily lower interest charges and reduced equity financing costs, which will likely save the region billions—not millions—of dollars.

Third. Regional financing and priority status for conservation and renewable resources will enable the region to pursue the most aggressive and comprehensive conservation/renewable resource program in the Nation. A recent OTA analysis of the bill supported this conclusion. I ask unanimous consent that a copy of the OTA report be included in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. JACKSON. Fourth. The rate provisions of the bill make it possible to immediately extend the economic benefits of low-cost Federal power to consumers served by investor-owned utilities; this is accomplished by raising rates to the aluminum companies. At the same time, preference customers rates are limited by a "rate ceiling" to no greater than what they would have been without the bill. Preference customers and residential users of electric power are always entitled to the lowest available BPA rate while commercial and industrial consumers generally pay higher rates reflecting new resource costs.

Fifth. The utility planning process established by the bill would permit early public and governmental involvement so that public agreement on power needs and the best means of meeting them can be reached before detailed planning for specific resources starts. State regulatory, licensing, and siting authorities are fully preserved.

The public involvement provisions of the bill merit a special comment. The bill requires, through a variety of provisions, for example, sections 2(3), 4(g), 4(c)(8), 6(c), and 7(i), continuing consultation among BPA, the council, and BPA's customers, among others. The purpose of these provisions is not simply to require input from the public and from BPA's customers at particular, specified points in the planning and decisionmaking process. Rather, the intent is to have such consultation be an ongoing, comprehensive pattern in the conduct by the council and by BPA of all their respective functions. The spirit should be one of cooperation and respect, not one of aloof Government insulated from interested parties by layers of formalism and procedure. It may very well prove profitable for the council to institute, for example, the types of informal as well as formal consultation that BPA already undertakes through its customer meetings, so that information, concerns and expertise can all help shape the decisionmaking process from its earliest stages, rather than only at specified, formal stages.

I would like to make one clarifying comment on the Senate report on S. 885. Due to a printing error the character of the direct service industry reserves was described in Senate Report 96-272 in a manner which caused some uncertainty and confusion. The DSI reserves were correctly described in the House Interior Committee report on S. 885 and as far as I am concerned that report accurately reflects the position of the Senate on this point.

I would like to thank all of my colleagues from the Northwest in the Senate and the House who worked so hard to resolve the extremely difficult political and economic issues associate with this bill. In particular, my colleagues on the Senate Energy Committee, Senators CHURCH and MELCHER on the majority side and Senators HATFIELD and MCCLURE on the minority side, deserve praise and appreciation for their tireless efforts in behalf of a bill which addresses the unique needs of their own constituents and the region as a whole.

On the House side, Congressman SWIFT has done a remarkable job as a freshman Congressman in shepherding this legislation through the Commerce Committee and the full House. Congressman FOLEY has played an indispensable leadership role during consideration of the legislation on the floor of the House. Other members of the delegation have contributed their ideas and efforts at every stage of the process and without their support, passage of the bill would have been impossible.

I would like to extend a special word of appreciation to Congressman JOHN DINGELL whose leadership as chairman of the Energy and Power Subcommittee of the House Commerce Committee was also indispensable. Congressman DINGELL has worked hard to make S. 885 the best possible legislation. In addition, the ranking minority member of the Energy and Power Subcommittee, Mr. BROWN, provided essential support which was crucial to the bill's success.

Mr. DINGELL and Mr. LUJAN, ranking minority member of the Water and Power Subcommittee of the House Interior Committee, are to be congratulated for proposing and perfecting the fish and wildlife provisions of the legislation. These provisions provide a mechanism for a reasoned and systematic approach to mitigating the damage to fish and wildlife caused by dams on the Columbia River while retaining an adequate, economical and reliable power supply for the region.

Finally, Chairman UDALL of the House Interior Committee, Water and Power Subcommittee Chairman KAZAN and Mr. LUJAN, all provided vital support and assistance during the Interior Committee's consideration of the bill and during consideration of the bill by the full House.

I am pleased that we have put behind us the arduous legislative task of designing a new regional power planning program. I will close by noting that the passage of this legislation is merely a beginning. We have established a framework and a mechanism for regional power planning. We have created the means for dealing with our serious power planning problems before they become unmanageable. Whether this process works will depend on the continued hard work and dedication of the many individuals and groups including utilities, governmental entities, private organizations, and others who have played such a vital role in shaping this bill as it progressed through the legislative process. This will be a formidable task but one which is crucial to the future of the Northwest. I know I speak for my colleagues when I say that we in the Northwest congressional delegation will be following this process closely and we will be available to assist in making this program work whenever possible.

Mr. President, I wish to point out what appear to be typographical errors in the engrossed House bill.

In section 4(h)(4)(A) on page 31, line 21, the comma after the word "regions" should have been stricken and a comma should have been inserted after the word "state."

In section 6(i)(4) on page 52, line 16, the word "that" should have been stricken.

In section 7(a)(2) the word "rules" should have been "rates."

EXHIBIT 1

CONGRESS OF THE UNITED STATES,
OFFICE OF TECHNOLOGY ASSESSMENT,
Washington, D.C., March 20, 1980.

Hon. HENRY M. JACKSON,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Following the Senate passage of S. 885, the Pacific Northwest Electric Power Planning and Conservation Act, you asked me (letter of November 9, 1979) to review and comment on the conservation provisions of that legislation. Our analysis is now completed, and I am pleased to transmit it to you. We have not reviewed portions other than the conservation provisions of S. 885.

The concept contained in this bill represents one of the most important conservation ideas produced by the Congress, and I will be pleased to try to provide, within our means, any additional assistance you may request.

Sincerely,

JOHN H. GIBBONS.

OTA ANALYSIS: PACIFIC NORTHWEST ELECTRIC POWER PLANNING AND CONSERVATION ACT S. 885

CONSERVATION PROVISIONS

The proposed legislation is a unique attempt by the Congress to encourage the Pacific Northwest Region to set a national

standard in determining the wise use of limited resources, protecting the environment, insuring equitable distribution of the costs and benefits of power needs, and testing the opportunities for shifting onto conservation and renewable resources to provide a stable and sustainable future.

S. 885 appears to effectively encourage conservation, both through technical approaches and behavioral changes, in an effort to stretch our energy resources, and provide an opportunity for a significant national experiment in regional cooperation, planning and use of renewable resources. The legislation reflects a dramatic change from the historical approach used within the region to meet power needs and generation. The principal mechanisms of the bill designed to promote conservation—the 110 percent preference calculation, the use of billing credits and the imposition of surcharges—should clearly reduce the barriers now inherent in our economic system that often act to restrain desirable conservation measures.

One of the principal reasons that utility customers often choose less than optimum conservation investments is that they do not pay the replacement cost of the energy they use. Rather, they pay the average price for electricity from the utility system, and the average price is almost always less than the marginal cost of new electric generating capacity. This is especially true for the Pacific Northwest, which has enjoyed extraordinarily low-cost power based on federally-financed hydro-electric generating capacity. New thermal capacity for the region is several times more costly than the average cost of the existing system. Therefore, the 110 percent preference, billing credits and surcharges allow ways of closing the gap between the price a customer pays and the cost of replacement power. In this way, conservation can be expected to more nearly reflect its true value to the customer.

You inquired what was occuring in other regions and areas that might be comparable to the Pacific Northwest proposal. The principal area of comparison is the Tennessee Valley Authority, which generates and transmits power for an 80,000 square mile area. TVA has initiated an ambitious effort to promote conservation and renewable resources. Principal delivery mechanisms are an interest-free loan for home audit and weatherization, and subsidized placing of solar and wood systems, combined with load management and rate analysis. TVA's programs are entirely voluntary. The aim of the effort is to lower demand throughout the system, in response to rising costs of electricity and availability of conservation alternatives. If customers do not take advantage of the opportunities, TVA has no method for direct financial penalties or rewards to member systems. S. 885, therefore, would seem a much stronger level to encourage conservation choices in the Northwest.

Other regional electric associations, i.e., regional power planning and power pooling areas, lack authority to undertake similar initiatives. It seems certain, however, that only regional planning and cooperative action can adequately and fairly develop resources and prevent inequitable distribution of costs and benefits from resource development. Some utilities have begun to consider the basic approach embodied in S. 885, which is to consider conservation as "supply." This concept is perhaps the most important new idea regarding power and capacity questions of recent years.

One way in which regional decisions will be made possible is contained in S. 885, which allows the Administrator flexibility to determine acceptable rates of energy use for localities and customers, so that both growth areas and mature localities can use energy efficiently without discrimination. (It is important to ensure that direct service industrial customers also be expected to meet conservation standards.)

Several factors within the Northwest indicate that the new approach can be successful. The region has many localities and individuals with a strong commitment to the preservation of environmental quality and the use of renewable resources. Both technical expertise and support for these options exist within the population, and can presumably be tapped to nurture demonstration projects of the type authorized by the bill. Some of the most progressive utility conservation initiatives in the coutry are already part of the regional efforts, such as those initiated by Seattle City Light and Pacific Power and Light. The expertise in these areas can be shared within the region and across the country. Adding the expanded bonding capacity of the Bonneville system to these local efforts will make possible even more dramatic and effective investments in conservation at the local level.

It may be that eventually a stronger regional presence and coordinated plan of action will emerge than the present bill envisages. In addition to the "model conservation standards" mentioned in the bill, regional analysis will be needed. For example, region-wide analysis of wind power opportunities could assist all systems in choosing from renewable options.

A number of federal programs are now, or will shortly be, in place which will add to the regional data base and assist the effort. The Building Energy Performance Standards (BEPS), which will be sent to the Congress this year, will provide a standard for energy efficiency in new construction that the region should be able to use as a model. The Residential Conservation Service (RCS), to be implemented next year, mandates that most utilities begin offering home energy audits and information on weatherization. A regional audit model could be developed that would support the federal effort, take advantage of the knowledge base within the region, and provide for a sensitive response to the special climate and construction characteristics of the region. Regional analysis could also take advantage of the data now being generated through such programs as the Schools and Hospitals grant program.

In view of the need for regional information sharing and cooperation, one provision of the bill is unclear. The report accompanying the bill (96-272), states in the Section-by-Section analysis that, "It is not intended that the Administrator investigate or monitor the conservation activities of compliance with conservation standards of individual performance of his customers and of political subdivisions within the region, when the Council has recommended implementation of the standards." (page 35). While there are desirable limits on the role of BPA in investigating the compliance of individuals, it will be necessary for some entity to carefully monitor the responses to the energy conservation measures, for two reasons. First of all, such monitoring will be necessary in order to determine whether or not surcharges or credit billings are justified, and secondly, the region (and the nation) has much to learn from knowing what measures are effective. Further, learning from the experiments will allow for sound decisions in the future, and the importance of such learning cannot be overstated. This will apply to technical measures such as home weatherization and load management, and nontechnical options such as information programs. Good analysis of such data would seem to be a prerequisite of the required updating of the Regional plan, and will augment the demonstration work.

Careful and concerted regional decisionmaking is necessary for the country to respond to our rapidly changing energy situation. Such decision-making is difficult. The conservation portions of the legislation can serve as a unique model for these efforts.

Mr. JACKSON. Mr. President, I yield to the Senator from Oregon.

Mr. HATFIELD. Mr. President, we have come to the end of a long and most difficult legislative road. It was fraught with obstacles which would have deterred any less dedicated sponsors than those of the bill we now bring up for final consideration.

S. 885, the so-called Northwest power bill, began with the recognition in the Pacific Northwest that there was certainly a better way to resolve the impending problems related to our electric power system than to fight over allocation of the Federal hydropower, to cut off the industries we solicited to locate there, and to continue a piecemeal approach to planning for the development of a power system which is, for the most part, a well-integrated whole. From the Pacific coast to the Continental Divide, and from the Canadian border to the California and Nevada borders, we sink or swim together when it comes to electricity.

We turned to a legislative solution because of the unique history of electric power in our region. We have an enormous Federal presence there. Our solution sought a partnership between the Federal Government—the developer of the Columbia River power system of hydroelectric dams and high-voltage transmission lines—and the existing electric utilities—the developers of the other half of our power generating system and the entities responsible for taking care of our power future. Our solution sought the injection of the public's participation, directly and through the Governors of the States, into the power planning process which was once the exclusive domain of utility executives. And our solution kept the ratepayers of the region paying all the costs. There are no Federal subsidies involved.

S. 885 was carefully crafted in the Senate to accomplish these ends, and I am pleased that it has emerged from the House with its basic components completely intact. The House has, in its inimical fashion, added some 60 pages of verbage to the Senate's 48, in some instances improving the myriad detail and in others deteriorating it; but in all it is the bill we have been working to obtain for nearly 4 years—it is complete. It is, indeed, the most important piece of legislation to affect the Pacific Northwest since the 1937 Bonneville Project Act.

Recent allegations that the bill represents a great extension of Federal control and involvement, leading to nationalization of the region's utilities, and a Federal subsidy to the region, are completely unfounded. The investor-owned utilities in the region have supported the bill in its various forms over the last 4 years in order to prevent socialization of the power industry. The cosponsors of the bill have consistently insisted that all costs associated with it are paid entirely by the region. The Federal Government, after all, tends to control whatever it pays for, and this we have sought to avoid.

A flurry of slogans about "guaranteed purchase," melded pricing," "nationalization" and "subsidy" have confused the actual effect of the bill. There are no loan guarantees. There are no subsidies. All costs are paid by the region without drawing 1 cent of taxpayer money. There is no Federal funding of generation. All financing to build plants will be done by non-Federal entities, not the Bonneville Power Administration.

What the bill does do is extend BPA's current authority to act as marketing agent for Federal power to include non-Federal power. In short, it allows Federal and non-Federal power to be pooled and BPA to act as the pool's marketing agent.

The pool will not assume obligation for future power supply. BPA is given no authority to construct plants. All future plants will be built by local utilities. The pool can only acquire power from plants owned by others and cannot acquire more power than it has in turn an obligation to supply. Thus, the essential utility responsibility remains in the local utilities.

The bill limits present Federal authority. While BPA is now a part of the Department of Energy with no statutory requirement to confer with local citizens, the bill would subject it to a regional power plan prepared by a State-appointed council and adopted after a rather formidable array of public hearings.

The bill is vital to the survival of private enterprise in the Pacific Northwest. It turns power responsibilities back to the region, so far as it may constitutionally be done, to be supported financially by the region. The bill cannot cost the Federal taxpayer anything.

Mr. President, I would like to take a few moments to develop some of the detail concerning the points I have just made in order to explain, particularly for the benefit of my Republican colleagues in the Senate, the essential conservative support for S. 885.

The starting point of the Northwest problem which has landed in the lap of Congress is that the Federal Government over the years has built massive generating projects which now represent about one-half of the total generating capability of the region. The key factor, therefore, is that the Federal Government is already there, and we must deal with it.

The second salient fact is that the Northwest electric power supply was for many years entirely based upon hydroelectric generation projects of which about one-half were built by the Federal Government and one-half were built by non-Federal, local entities. I mention this because there is, outside the region, a common assumption that the low cost of power in the Northwest was due to a form of subsidization by the Federal Government in building multipurpose dams.

While that was indeed a factor, the fundamental factor was that hydroelectric generation in the period from the thirties to the late sixties was simply the most economic form of generation that could be installed. During this period, electric power rates of the investor-owned utilities generating from private facilities were little different from those of the publicly owned utilities generating from public facilities or buying from BPA.

Hydro projects which were environmentally acceptable and economic as compared with the cost of alternative conventional generation at 1969 costs were to be fully built by about 1975. In the late sixties the region's electric utilities and the Bonneville Power Administration determined that the most economic future energy supply would be very large thermal generating plants, coal or nuclear, operated at "baseload"—in other words, all of the time—with the Federal system providing "load-factoring"—that is, changing the level of generation as the electric load of the region varied from peak in the daytime to low load at night and from peak in the winter to low load in the summer. This planning concept was called the "hydrothermal program" and it was put into effect about 1968.

The concept, therefore, was to treat the entire region as a single electric system with all plants sized, located, built and operated for the benefit of the whole region and not specifically suited to the needs of the particular sponsors of the plant. The Northwest has had, by the way, an integrated transmission system since the late forties. The hydroplants have been operated in full coordination, as though one system, since 1964.

Between 1968 and about 1972 the principal effort of the region was to get the necessary thermal plants located and the necessary applications for governmental approval in the mill. Related to this was the development in the four States of legislation establishing State utility siting councils by which the States would participate in the decision-making process as to where and what kind of generating facilities were to be built.

In 1972 we turned to the problem of how to make this mix of thermal baseload and Federal hydroload factoring actually work. There are many different aspects of the problem, some of considerable technological complexity. For the immediate purpose, I use a rather simplified example: It was at least theoretically possible for a particular thermal plant to be run for an entire year without serving any needs of its owners, and, on the contrary, a particular plant—typically, the one with the highest incremental fuel cost—not to be run at all during a year, again without regard to the needs of its owner. While contracts could be formed to distribute the burdens and benefits among all the members, to meet even this one "simple" problem the contracts would be extraordinarily complicated.

In addition, the public agencies, with constitutional inhibitions against "lending of credit," and Bonneville, with no general purchase authority, found themselves without legal capability to execute such contracts. We had to have a mechanism to accomplish "pooling" if the basic plan were to operate, and we eventually arrived at the very reluctant conclusion that the only viable way to pool was to dump all of the power into BPA and have that agency resell it. As the power passes through BPA transmission, it automatically gets "pooled." Thus, BPA in the bill is to be given authority to purchase power on long-term contracts—an authority it does not now have.

Another major problem was that one-third of the aluminum-ingot capacity of the United States secures its necessary power supply directly from Bonneville. The aluminum companies, together with other industries directly served by Bonneville, mostly chemical and rare metals, represent about one-third of the total load of the region. Under the law giving preference to public bodies, Bonneville cannot sign a contract with a nonpreference body if it can foresee in the reasonable future that that power will be needed to serve a preference body.

BPA, under present law, markets the power generated at the Federal multipurpose dams. All these dams built and operated by the Corps of Engineers and the Bureau of Reclamation, have been virtually completed. BPA's power supply is now essentially static. The loads of preference agencies continue to grow, and BPA accordingly notified the direct-service industries that their existing contracts would not be renewed when they expired, beginning in 1983. It is in neither the region's interest nor the national interest that one-third of the Nation's aluminum-ingot capacity be shut down. On the other hand, no local utility system has the resources to take on such extraordinary loads. The purchase authority given to BPA provides it a means of providing power to the direct-service industries without offending the principles of "preference."

The next problem, also solved by purchase authority, is the one sometimes cited as the principal problem of the area. In the absence of a regional bill, BPA will be forced to adopt some policies as to who can buy how much of the limited amount of power that BPA will have available. BPA has already promulgated a draft allocation policy to divide up the deficit, and must, in the absence of a bill, adopt a final policy in 1981. Some individual entities must be severely damaged by whatever policy is adopted, since some entities will find what they now have taken away from them. That is the nature of allocating a deficiency. To be blunt, there are major areas of disagreement with the draft policy. Purchase authority for Bonneville, by eliminating the deficiency, eliminates the need to allocate the deficiency.

Another problem solved by purchase authority is a peculiarly regional problem. When the hydrothermal program was formulated in 1968, it was anticipated that Bonneville rates would climb around 1975–80 to something around 5 mills per kilowatt-hour, and that generation from new thermal plants might run in the neighborhood of 8 to 10 mills per kilowatt-hour. This disparity in bulk power costs was not expected by the utility systems at that time to have any significant effect on retail rate levels. The future had a rude surprise.

The 1968 estimate was based upon a projected cost of a nuclear plant of $175 per installed kilowatt of capacity. That cost now exceeds $2,000 per kilowatt. Plants under construction by the Washington public power supply system are estimated to cost $3,000 per kilowatt, and plants to come on the line after 1990 are estimated at $4,000 per kilowatt. The result: Because of the preference clause, private utilities were cut off from a supply of Bonneville firm energy in 1973 and, therefore, have had to carry their load growth on the new expensive thermal plants, while BPA will carry the preference agency load growth until 1983, when BPA's present supply runs out.

Retail rates of private utilities have been, as a consequence, forced up to a level as much as three times the level of retail rates of adjoining public systems. This has created substantial political tension, and has led to a vigorous revival of a movement to place the entire power systems in the Northwest under public ownership. In Oregon there were 12 elections to form local public people's utility districts on the ballot in November. The major argument against their formation today is that the regional power bill will provide the same benefits, and a new political agency to go into the power business is therefore not required.

If the bill fails, I believe there is no way to prevent the rest of the State of Oregon from becoming a public-power State; and Washington, Idaho, and Montana would probably have to follow suit. Section 5(c)(3) of the bill provides power to private utilities for their residential loads at exactly the same rate as power sold to preference bodies. Since BPA does not have an energy supply, the private utilities supply the energy needed. The difference between the cost of power they sell to BPA and the cost of the power they buy back is supplied by the rate power will be sold to the direct-service industries. In turn, BPA can sell power to the DSI's only because of purchase authority which is, then, the essential link to achieving rate parity in the region.

It should be clear, now, why the region came to the reluctant conclusion to grant to Bonneville the general authority to purchase power, but it is now necessary to explain why this is not, in fact, a great extension of Federal involvement.

First, the extension of BPA's current authority is much more narrow than purchase authority sounds. BPA is now no more than the marketing agent for power generated at Federal plants, with the exception of a net-billing arrangement with the public-system owners of three thermal plants—a device which arose under unusual circumstances not to be repeated. Bonneville will in the future, under the bill, also be marketing agent for power generated at non-Federal plants if and to the extent that such power is offered to it by a local utility.

The actual operations under the bill may be described with considerable accuracy as BPA acting as agent in operating a power pool for Northwest utilities. BPA is the essential agent for this purpose because the use of the Federal system in tandem with baseload plants depends on the enormous storage in the Columbia River system—90 percent of which is controlled by BPA. It is this distinction that makes the principles of the bill applicable only to the Pacific Northwest.

Second, Bonneville does not take over the obligation for future power supply. BPA is given no authority to construct. The local utilities will build all future thermal generating plants, as they now do when and where they decide. Bonneville cannot purchase the output of a plant unless it can be matched against an existing contractual obligation to supply power. Opponents of the bill falsely claim that the bill bails out local utilities which are unable to finance necessary new plants. The regional utilities are currently constructing and financing all generating plants that have been licensed and would continue to do so with or without the bill. I expect that the money market will regard with some favor a strongly integrated industry, which the bill will allow to happen, but this is not the reason this bill was brought to Congress.

Bonneville's legal obligation, under the bill, to provide a future power supply is limited to the power supplied to it by its customers. Under section 5 (b), (c), and (e), if any individual utility fails to supply BPA with enough power, Bonneville can restrict its obligation to that utility to the amount of power so supplied. Thus, the essential utility responsibility remains in the local utilities.

Third, the bill limits present Federal authority. BPA was an agency in the Department of Interior and now in the Department of Energy with no legal requirement that it confer with the States or the local utility systems or the citizens about any of its future power supply plans, nor how it would manage its system, nor even how it would make its rates. As a practical matter, however, particularly since 1960, all of the BPA Administrators have been very conscious of the sensible course of cooperating in future planning and operations. With the bill, the future power "plan" will be made by the States—the regional council is appointed exclusively by the States—and BPA must conform with the plan, although Congress can authorize a deviation; studies, reports, and advice must be sought from utilities and other regional groups with expertise; widespread advisory groups are to be formed; and a rather formidable array of public hearings must precede any decision on a major power or conservation project. None of these limits presently exist.

There is one area where unquestionably the Administrator is acquiring broadened authority, and that is in conservation. Here, too, purchase authority is essential. The conservation program will be funded by the power revenues of the Administrator, which under the bill come from the entire region, which means, therefore, that the region's consumers will fund the conservation program of the region. If all the wholesale revenues did not flow through BPA, this result would obviously not be possible. An important part of this funding is the authority at Bonneville to use $1,250,000,000 of bonding authority to provide for a vigorous conservation program which may include direct loans or grants. The bonds, to the extent not paid off by repayment of loans, must be paid, by provision of existing law, solely from power revenues of BPA. An effective conservation program in a wholly integrated electric system must cover the entire system, or else the savers merely free up power for nonsavers to use. Obviously, if BPA revenues come from only a segment of the region, the conservation program would be confined to that segment, which simply would not work.

A most critical paragraph of the bill to me is the definition of "cost-effective," which will be the test future power resource developments, including conservation resources, must stand. The test provided in the bill is the most comprehensive ever mandated in legislation related to powerplant decisionmaking and is biased toward conservation. It will compare all incremental costs to the region's power system, including required new transmission, of any proposed new resource, with those of any alternative. Conservation and end-use applications of renewables will be treated like any power generating resource, but in that no transmission costs are associated with them, they will have a particular cost advantage. Nuclear plant proposals must include all waste storage, fuel cycle and decommissioning costs. Proposals must show all environmental costs and benefits that are quantifiable and directly attributable to the resource.

Despite the completeness of this test, there is a further recognition that classic economic comparisons omit certain important values, some nonquantifiable, such as the benefit of using less of our Nation's depletable fuels, and intangible environmental and social benefits of employing conservation rather than building large new powerplants. In this regard, the cost-effectiveness test contains a proviso that any conservation measure may cost up to 110 percent of that of the least-cost nonconservation resource and still be financed and achieved ahead of the nonconservation resource.

Mr. President, this bill is vital to the Pacific Northwest. It discharges an obligation the Federal Government undertook when it built the Columbia River System, and it does so by turning power responsibilities back to the region, to be supported financially by the region.

Mr. President, I should like to restress three particular points. First, the Northwestern part of the United States, like other parts, is going to face a problem in energy supply in the years ahead. It is well known that Bonneville Power Administration has not been able to renew many of its long-term contracts because of its inability to supply the power.

So what we had before us was the chaotic situation of an allocation of a growing shortage of energy. The people of Oregon have, over the years, chosen, in the major part of our State, to be

served by investor-owned utilities. The people of Washington, on the other hand, have chosen to be served by, primarily, public-owned utilities.

In the Bonneville Project Act, the famous preference clause gives preference to those public distribution agencies over IOU's. We could have been involved, therefore, in court battles over the cheaper Federal power. We could have had virtually a civil war. This bill instead provides for an orderly program for development of additional sources of energy.

Second, what the bill does is to bring the public into a participating role, an effective role to help project the needs and assess the best priorities as to how we are going to develop new sources. That is through the establishment of a planning council made up of representatives of the Governors of the State of the region.

Third, it sets up a priority list on resource development. In so doing, we are able to establish conservation as resource equivalent to new generating resource and we provide for a 110-percent cost preference for that energy which can be saved by undertaking conservation efforts.

The bill also makes more precise the cost effectiveness analysis that must be applied to any source of energy planned for the future. In the area of nuclear energy, where I happen to line up with those who are less than enthusiastic about the proliferation of nuclear reactors—in fact, I just do not want to see this happen—we are in this bill providing for the inclusion in any kind of cost analysis the costs of handling waste and disposal of spent fuel out of the reactors and of dismantling those reactors at the end of their 30-year life cycle.

Those are significant breakthroughs. Those are pioneering efforts made in this bill.

Mr. President, this is vital to the Pacific Northwest. This bill has had a rocky road. But I think it has demonstrated that all the various distributing agencies, the public utilities, the co-ops, the IOU's, the municipalities, can all come together in a cooperative role to helping to develop a solution to our complex problem. A few have fallen off, of course, during the journey of this bill. Where some were once for it, they may be taking a less than enthusiastic position about it now. But basically the hardcore of all these various groups have remained the overwhelming number participating in the evolution of this bill.

Lastly, Mr. President, I would like to pay particular tribute and give an expression of appreciation to Chairman JACKSON for his courage in one particular part of this bill. For many years the people of Oregon have been discriminated against in the rate structure because of our system of distribution. This bill sets a uniform rate structure for BPA power sold to any utility for its rural and residential customers. This bill will mean, in effect, a saving of $1 billion in the next 10 years for the ratepayers of Oregon, with the revenue slack being made up by the direct-service industrial customers who will not get renewed long-term contracts in return for the higher rates that they will pay.

I would also thank the new chairman-to-be of the Senate Energy Committee, Senator MCCLURE of Idaho, who has been very helpful and very fundamentally involved in the development of this bill; and also our colleague from the State of Montana, Senator MELCHER. Others, including Senator MAGNUSON, Senator PACKWOOD, and Senator CHURCH have added support along the way. But to the members of the committee who have given leadership to this bill I want to express my deep appreciation, and to the staff of both the majority and minority members of the committee who have been so helpful and persevered so long.

I yield the floor, as the Senator from Florida (Mr. CHILES) is very anxious to get back to his bill. He yielded the floor to us for handling of this bill in a very brief fashion.

Mr. MELCHER. Mr. President, I want it to be known that the bill does have a provision for Bonneville Power to make impact payments to community governments. This is sometimes called payment in lieu of taxes. In another bill which will be on the Senate calendar, the MOAPA bill, the language is somewhat different. I hope that when that bill does come before the Senate, we will be able to have stronger language in it.

Mr. MCCLURE. Mr. President, I rise in strong support of S. 885, the Pacific Northwest Electric Power Planning and Conservation Act, as passed by the House of Representatives on November 17, 1980, with an amendment in the nature of a substitute. The House-passed bill, while it contains numerous technical drafting changes to the bill passed by the Senate last year, still retains the essential ingredients necessary for the best interests of the State of Idaho, the Pacific Northwest region, and the support of this Senator.

The House-passed bill preserves the organizational essence of our Senate bill with the establishment of a regional council with representatives of each of the Pacific Northwest States. The council will have primary responsibility for preparing a regionwide electric power plan, including a related program for fish and wildlife protection, and importantly will review the actions of Pacific Northwest agencies for consistency with the regional plan.

The bill also includes the basic provisions fashioned by the Senate to provide for power exchanges for residential customers of investor-owned utilities, procedures for the acquisition of new power sources, and the basic power allocation system and rate package for the region. Finally, the House bill doubles the existing revolving fund authority available to the Bonneville Power Administration to support the regionwide programs newly established by this bill.

Mr. President, this bill is a necessary and appropriate legislative action to deal with the harsh realities facing the Pacific Northwest region in the decades ahead, regarding the availability, allocation and pricing of the region's Federal hydroelectric power base and needed additions of thermal power for the future growth and development of the region.

In the absence of this legislative action, the region would be reduced to a continuing cycle of lawsuits, customer competition, and interstate conflicts without any formalized mechanism to fashion equitable regionwide remedies.

Many of us who abhor big government generally and the increasing intrusion of the Federal Government into the planning and actions of State and local government and private parties generally, would be opposed to legislation such as the pending bill after more than 5 years of legislative activities relating to this issue; however, it is abundantly clear to this Senator, and I believe to the vast majority of my colleagues in the region, that the only reasonable and responsible solution to this problem is legislation in the form of the pending bill.

I would like to turn now to several important provisions in the House-passed legislation for purposes of developing the Senate understanding of the provisions as legislative history. One of several amendments adopted on the House floor which were offered by my distinguished colleague from Idaho (Mr. SYMMS) adds a new subsection (i) to section 10 of the bill. The subsection is a savings clause stating that:

> Nothing in this act shall be construed to affect the validity of any existing licenses, permits, or certificates issued by any Federal agency pursuant to any other Federal law.

It is important to recognize that this savings clause will insure that nothing in this act can or shall be construed to require any Federal agency to modify the terms and conditions of any valid existing Federal license, permit, or certificate. Also, no Federal agency shall have any express or implied authority pursuant to this act or, in any connection between this act and any other laws, to make any such modification of a valid existing Federal license, permit, or certificate.

As a result, a Federal agency cannot cite any provision of this bill as the legal basis for proposing or imposing such a modification in any pending proceedings or any future proceedings related to such existing licenses, permits, and certificates. For example, the legal effect of this savings clause would be to prevent any effort under paragraph 4(h)(11) of the bill to impose such modifications and the regulation of non-Federal parties, specifically including regulation by the Federal Energy Regulatory Commission under the Federal Power Act, and other laws applicable to the operation of non-Federal hydroelectric projects and regulation by other agencies of any other facilities which may be subject to this bill.

Consequently, no Federal agency may use the authority in this bill to affect or modify the terms and conditions of licenses, permits or certificates, nor to affect any existing water rights, power rights, or other contract rights which may exist under such terms and conditions for a specific project.

Section 6(h) establishes procedures for billing credits as one of the several au-

thorized forms of initiatives for obtaining power or energy conservation under the bill. The language of section 6(h) states that, "If a customer so requests, the Administrator shall grant billing credits to such customer. * * *" and then specifies the activities for which billing credits will be available. It is the understanding of the Senate that this language in section 6(h) is merely a technical modification of the companion Senate-passed language which stated:

The administrator is authorized to grant billing credits and provide services to any of his customers.

Consequently, the Administrator, pursuant to section 6(h) has the authority to provide such credits and services, but is not obligated mandatorily to take such action. This discretionary authorization is important, because a mandatory obligation on the Administrator would have the unintended effect of modifying de facto the carefully crafted rate structure for the many customers in the region under this bill, merely upon the request of any customer in the region. The mandatory obligation also would have the effect thereby of obligating the Federal Government to provide a benefit conditioned only upon a satisfactory request of a customer.

Such an interpretation of the House-passed bill would be fiscally irresponsible and would create utter chaos in the operation of the regional electric power system under the bill. Additionally, the several procedural requirements in subsection 6(h) should be construed to provide an essential form of protection to all the region's customers to avoid an unjustified windfall for individual customers.

It is particularly important in reviewing subsection 6(h) to correctly apply the specific directions of subsection (k). Subsection (k) requires the Administrator to insure that his exercise of authorities contained throughout section 6 insures that any benefits are distributed equitably throughout the region. This subsection is important for each of the authorities contained in section 6, but it is particularly important for those contained in subsection 6(h).

Also, subsection 6(k) reinforces the discretionary authority intended to be placed in the Administrator for subsection 6(h), in that a mandatory obligation under subsection 6(h) would prevent the appropriate exercise of the direction placed on the Administrator by subsection 6(k). I believe it also is important to note in this regard a colloquy which occurred on the House floor on September 29, 1980, which appears at page 27823 of the CONGRESSIONAL RECORD for that date.

Congresman SYMMS, of Idaho, ranking minority member of the Subcommittee of Jurisdiction in the House Interior Committee, and Chairman DINGELL of the Jurisdictional Subcommittee in the House Commerce Committee, agreed that the language appearing in subsection (k), insuring that benefits under section 6 "are distributed equitably throughout the region" would not only include "the concept of geographic equity that is, reasonably equal distribution geographically throughout the Pacific Northwest region—but also the concept of equity between classes of customers." The cited colloquy establishes clearly and unambiguously that subsection (k), as it applies to all of section 6, including subsection 6(h), requires the Administrator to use his discretion to insure the equitable distribution of the benefits I have discussed.

Subsection 6(h) in the House bill also includes provision for "conservation activities independently undertaken or continued after the effective date of this act." It is the Senate's understanding that this language is intended to have the same effect as the Senate-passed bill language which includes "independent conservation activities undertaken by such customers * * * after the effective date of this act * * *". Consequently, bill credits can only be granted on the basis of an activity which results in new, additional increments of savings in energy usage beyond any existing conservation activities as of the date of enactment.

Certainly, there is no responsible rationale for granting a benefit for actions already taken to conserve energy prior to the effective date of this act, and any such rationale would effectively involve a windfall benefit for such prior activity. The Administrator, therefore, in implementing this subsection, will be required to determine the existence of new additional incremental savings over and above those which otherwise would have occurred from past actions in order to consider any granting of billing credits.

Additionally, all of these activities under subsection (h), as well as the other activities in section 6 will be subject to the regional plan and the regional council's reviews for consistency with the plan. Certainly, it is our intent that the regional council accurately and properly reflects the comments I have made with regard to subsections 6(h) and 6(k) in fash'oning that plan and then reviewing the Administrator's actions for consistency with that plan.

My distinguished colleague from Idaho (Mr. SYMMS) also was successful in amending the purposes of the act in subsection 2(6) to modify the phrase "other facilities on the Columbia River and its tributaries" to read "other power generating facilities on the Columbia River and its tributaries." This particular amendment is essential to insure that this bill and its many provisions related to facilities and fish and wildlife mitigation will exclusively deal with the Federal Columbia River Power System and other power generating facilities on the river and its tributaries and will not in any way affect any other facilities or impoundment structures on the Columbia River or its tributaries in the Pacific Northwest region. All this bill addresses are power generating facilities, and no provision or authority under this bill can be construed to cover any other facility or structure in the region.

Throughout the bill, the terms "development and operation of any hydroelectric project, development and operation of the hydroelectric facilities; development and operation of electric power facilities and programs; development, operation, and management of such facilities and variations thereof" occur. Quite often these terms are used with regard to the new program under this bill for fish and wildlife protection. It is important to recognize that it is the Senate's understanding of these terms wherever they appear that they shall mean exclusively development, operation, and management actions taken after the date of enactment of this act.

There is no intent to develop any program under this bill which would attempt or have the effect of a retroactive application for such development, operation, and management activities taken under the past 50 or 60 years for hydroelectric projects or facilities in the Columbia River Basin, its tributaries and the Pacific Northwest. The purely prospective meaning for the cited terms clarifies that the scope in time of actions subject to fish and wildlife protection, enhancement and mitigation under the bill is for future actions only and precludes any retroactive aspect.

Certainly, the Senate does not intend that the fisheries provisions under this bill would attempt to restore conditions to those prior to the development and operation of the Pacific Northwest hydroelectric system, nor to compensate any interested party for any alleged losses during such prior development and operation of the system before enactment of this bill.

Additionally, significant focus of the House consideration of this bill was on the fisheries issue. Very little attention, however, was paid to the details of a wildlife portion of the new program established under this bill. It is the Senate's understanding that the primary focus of the new program will be on fisheries protection, enhancement and mitigation and not on any major new initiatives regarding wildlife in the geographic area surrounding hydroelectric projects in the region. Consequently, the Administrator and the region council in implementing their respective responsibilities and authorities under this bill should place a primary, if not exclusive, focus on the fisheries aspects of the protection, enhancement, and mitigation provisions in the bill.

It is further important to recognize the overriding significance of subsection 10(h), which deals with water and water-related rights, in the context of the fish and wildlife provisions in this bill. Subsection 10(h) appropriately includes a broad, comprehensive, and overriding savings clause to preclude any appropriation of water and to prevent any legal effect whatsoever with regard to the waters of any river or stream or ground water resource or interstate compact and the existing rights of any legal entity with respect to any water or water-related right. Subsection (h) should and must be carefully and completely observed in the formulation of the plan and program under subsection 4(h) and any other provisions of the bill related to fish and wildlife protection, enhancement, or mitigation.

Subsection 4(k) includes a 7-year sun-

set provision for the 110 percentum incremental system cost advantage for conservation measures established by section 3(4)(D) of the bill. Congressman BROWN of Ohio is to be commended for adding this important provision to the bill to insure that the current zeal for conservation measures, which has reached almost mandatory status in some sections of the Pacific Northwest region, does not become a continuously dominant concept in electric power planning, management, and operation within the region unless there is a continuing rationale and justification for a comparative advantage as established in section 3(4)(D).

Additionally, subsection 4(k) will provide a statutory review of the impact effectiveness and ramifications of the 110 per centum advantage in the first 5 years of the bill's implementation. While I certainly support responsible energy conservation measures as part of our power planning mix of initiatives, I have concluded that the statutory 110 per centum advantage is ill founded and probably unworkable.

Additionally, I am seriously concerned that the full economic growth impacts of the provision for the region will be very negative. Consequently, it should be clear that the review and sunset provisions in subsection (k) should be implemented very seriously with an eye to removing the statutory advantage as soon as possible. I would hope that the Administrator and the regional council will make every effort as soon as possible to complete such a review and to utilize the authorities contained in subsection (k) to actively remove that advantage in the cost benefit analyses under this bill.

Subsection 4(b) includes the so-called safety net provisions which would result in establishing the regional council as a Federal agency in the event that the council is not initially triggered by required State action or a Federal court holds in a final determination the council, or any substantial function or responsibility of the council, to be unlawful or the plan and program to be ineffective. This safety net provision was added by the House to deal with the remote possibility that a legal challenge to this act would reach any of those results. It is important to emphasize that while the Senate is accepting the safety net provision, it is with the clear understanding that a Federal court would have to declare the council or its major functions under this bill to be unlawful before these provisions would be triggered.

Certainly, a mere holding of a single function under this bill to be unlawful should be considered to be de minimis and would not be considered as a "substantial function or responsibility." It is the clear and overwhelming intent of the Congress in this bill that the regional council proceed in accordance with the establishment and operation as provided in section 4 and not as a Federal agency with council members ultimately appointed by the Secretary. The Pacific Northwest region does not need and candidly will not suffer lightly a federally imposed regional planning process with apparent input from Washington acting as a Federal agency.

While the safety net provision gives some security of a continued operation in the event of a court action, there should be no interpretation of the provision which leads to that result unless there is a necessary complete unraveling of the congressionally mandated institutional mechanism incorporated in the regional council.

One of the unique tenets of this bill is the regional planning council, which has become more clearly defined as debate has progressed through both bodies of Congress. What emerged was an eight-member council consisting of two members from each of the four Northwest States, and appointed, applicable to State law, by the respective Governors. The concept of State appointments to the council, which will control and guide the Bonneville Power Administration, assures each State's voice in regional decisionmaking will be heard. This concept has survived extensive scrutiny as to its constitutionality, and to that point, I would like to refer to a statement made in the House by the gentleman from Washington, Mr. FOLEY.

The Senate-passed S. 885 establishing a council with four out of five State-appointed members which would develop a regional plan to guide BPA's authority under the bill. The Justice Department later reviewed the Senate bill and found a possible problem in the State appointment scheme. Pending the outcome of more detailed legal research on the problem, a federally appointed council was then proposed to and adopted by the House Commerce Committee. Federal appointment clearly preserved the council's substantive role without raising doubts about offending the appointments clause of the Constitution. When the research indicated that the appointments clause was not applicable to cooperative State-Federal schemes such as the present council, the region united behind a State-appointed council, which would be formed pursuant to an interstate agreement with the consent of the Congress.

This revised council scheme was included in the Interior Committee bill and is retained in the reconciled bill before the House. The bill, as I have noted, also provides for a federally appointed ("safety net") council to be formed if the States do not act to form the council, or in the event the scheme is found to be unconstitutional.

Basically, three legal principles bear on this issue:

First. The purpose of the Appointments Clause is to further the separation of powers and functions of branches of the Federal Government, as the most recent case on the subject makes clear. See *Buckley* v. *Valeo*, 424 U.S. 1 at 120-26 (1976). None of the many cases in which the appointments clause has been an issue has involved a State-Federal separation of powers issues. (By contrast, S. 885 involves both Federal and State authorities and presents no separation of functions issues.)

Second. Under the commerce clause, Congress has broad latitude to share authority with the States in a variety of ways (Clean Air Act); or to permit extensive State control. (See, e.g., *California* v. *U.S.* 438 U.S. 645 (1978). (California Water Board may prescribe controls for Federal project as condition of required State permit, or may refuse permit.)

Third. Congress may specifically authorize interstate agreements which would otherwise encroach on Federal authority. *United States Steel* v. *Multi-State Tax Commission*, 434 U.S. 452 (1978).

In summary, the S. 885 council is constitutional because the electric power area is one in which Congress may share authority with the States. However, council members must be appointed and act pursuant to State authority, as the bill provides, for the scheme to be effective.

In addition, the legislative history of S. 885 compels explanation of some additional points relating to the relationships between the Northwest utilities and the Bonneville Power Administration.

Specifically, one of the purposes of this legislation is to solve the wholesale, to set forth a fair allocation of the benefits of the Northwest's Federal hydroelectric system to all people in the region without regard for the nature of the utility that serves them. The bill will preserve the traditional roles, duties, and responsibilities of the region's public and private utilities, State and local governments, and utility commissions.

Neither the council nor the Bonneville Power Administration should supplant or duplicate what the utilities are capable of doing in the Northwest. The bill will develop a regulatory and political environment in which the utilities can plan conservation and generating resources and then implement those plans.

The Bonneville Power Administration and the council are charged with the vital responsibility of fostering a firm consensus on the level of and kinds of resources that are necessary and acceptable in the Pacific Northwest. The next decade will be one of power shortages. Effective conservation programs should be put into place quickly to reduce expected demand.

Further, the costs and burdens of the shortage, which results from changing regulatory and political requirements and not from the actions of any particular utility or class of utilities, should be distributed fairly across all of the region's ratepayers. The bill is designed to prevent unnecessary bureaucracy, regulation, and redtape.

This means that the council and the BPA should use utility company and other experts in the Northwest, rather than creating a staff which will reinvent the wheel. The council should review and evaluate proposals for the regional plan made by the parties rather than trying to impose its own schemes on the region. The plan itself is contemplated to be broad in scope, not making specific resource choice and site decisions.

Pages 46 and 47 of the report of the House Interior Committee clearly explains the need to distinguish between energy and peaking resources so that only the firm energy produced in the peaking use of a resource is committed to loan under section 5(b)(1)(a).

The provisions of section 5(a)(6) regarding restrictions made in the event of insufficiency are subject to the following stipulations: First, the independently owned utilities are not to be restricted to a level below that which they sell to or exchange with BPA; second,

reasonable notice—not less than 5 years—must be made in advance of restriction; and, third, notice of restriction cannot be given until there has been a reasonable period of experience under the bill.

The fact that public body, cooperative, and Federal agency customers may not be made subject to restriction in the event of insufficiency until such time as their combined loads equal or exceed the capability of the Federal base system resources should not obscure the fact that, in order to avoid insufficiency, BPA will need to acquire from or on behalf of such customers sufficient resources to meet the load growth of such customers occurring after passage of this act. The bill will not work if these customers fail to provide sufficient resources to meet their own load growth.

Subject to the exclusions in section 5 (c) (7), the average system cost methodology worked out by the Bonneville Power Administration should pay the full cost of power exchanged to the BPA, so that customers of independently owned utilities will not be forced to shoulder an extra financial burden.

Under the provisions of section 5(g) (1), the Bonneville Power Administration must negotiate contracts with the parties; that is, BPA cannot promulgate terms and conditions on a take-it-or-leave-it basis. Further, BPA is to offer the same kind of contract to public and private utilities. There is no discrimination on such matters of acquisition of capability versus output. In regard to acquisition, the cross-examination procedures under section 6(c) (1) should be limited to issues-of-fact material to the decision about which there is a genuine and substantial controversy.

Independently owned utilities and direct service industries are entitled to billing credits on the same basis as public agencies without regard to the fact that the Bonneville Power Administration will be the debtor in initial years before they buy resources from BPA in an amount that offsets what BPA owes under the exchange. In short, the net billing credits should be netted against payments under section 5(c) before netting BPA obligations against IOU or DSI obligations.

In regards to the Public Utility Holding Company Act: First, BPA and the SEC should not both be required to hold hearings and go through formal proceedings. Where BPA holds a hearing, for example under section 6(c), the SEC is not also required to hold a hearing to determine if an exemption under the act is justified. Second. The SEC was retained, despite its objections, in order to lend its expertise in preventing the occurrence of the kinds of abuses that gave rise to the Holding Company Act. Consequently, the SEC is expected to review only the same kinds of contracts that it would be expected to review under PUHCA. It is not supposed to be retained in new areas, for example power contracts. The SEC expertise with regard to the relationships between companies does not extend to the nuts and bolts of power issues and operations.

I would now like to address some additional facets of the Governor-appointed council that is established by this bill, as it is one of the key cogs to the workability of this legislation. Section 4(a) (2) which sets for the State laws relating to the council guarantees the independence of State action relating to functions performed by the State. The State laws, therefore, are independent of each other, that is they do not have to be identical, and in fact, probably will not be identical.

The council will be established under the provisions of section 4(a) (2) (B), when six initial members have been appointed, without regard to which States are represented by those six appointees. Likewise, the 6-month extension procedures set forth in this provision can be requested by any two Governors, without regard to their respective States, or the progress they have made with regard to their council appointments.

The council itself can interpret the uniform Federal "good government" provisions under section 4(a) (4) with discretion. In other words, the provisions are flexible, and can be tailored to the particular council structure as the council sees it. The council also has great discretion over the plan itself. The courts in reviewing the development of the plan are not intended to second guess the actions of the council. The elements of the plan can be done piecemeal, with separate rulemaking procedures for each if the council deems that action appropriate.

Finally, in regard to the conservation standards established by the council, practicality and reasonableness are among the considerations in the formation of the standards, and the enforcement measures envisioned by the bill do not include unfettered police powers. Those enforcement procedures developed by the council are limited to practical and cooperative efforts between the PBA and the States and political subdivisions, customers, and the public.

I would also like to correct an error which was printed in the Senate report on S. 885 regarding direct service industry reserves. These reserves, discussed in section 5(d), are described accurately, and in some detail, in the House Interior Committee report and I direct attention to that report for its description of the reserves.

Mr. President, the bill before us today represents a hallmark of legislative initiative and action for my State and my region of the country in seeking to deal effectively and realistically with the serious power problems which face us in the years and decades ahead. It is the result of literally thousands of man-hours of work by all of the interest groups within the region, the Administrator and staff of the Bonneville Power Administration, and the Northwest delegation in Congress.

I shall attempt to thank all of those who have been so instrumental in the accomplishment which this bill represents. But I do wish to thank my colleagues and friends here in the Senate from the Pacific Northwest.

I also wish to acknowledge the important leadership and support provided by the committee's staff director, Dan Dreyfus. I also want to express my particular gratitude for the help of Congressman STEVEN SYMMS of Idaho and the staff supporting him, Bill Fay and Gary Ellsworth, and Chuck Trabandt of the Senate Energy Committee, as well as the rest of the House Members and staff who were instrumental in bringing the bill to the Senate today. I look forward to working with all of these individuals and many interest groups in the region in the years ahead in attempting to make the promise of this bill into a positive reality for our cherished Pacific Northwest region.

Thank you, Mr. President.

Mr. McCLURE. Mr. President, I would like to engage the chairman of the Energy Committee, which fashioned S. 885 originally, in a brief colloquy to establish the Senate's understanding of certain provisions in the House amendment for purposes of legislative history. Subsection 10(i) of the House amendment states that nothing in this act shall be construed to affect the validity of any existing licenses, permits, or certificates issued by any Federal agency pursuant to any other Federal law.

Would the Senator agree that this subsection will insure that nothing in this act can or shall be construed to require any Federal agency to modify the terms or conditions of any valid existing Federal license, permit, or certificate?

Mr. JACKSON. I agree completely and, in fact, no Federal agency shall have any express or implied authority under this act or in any connection between this act and any other law to make any such modification of a valid existing Federal license, permits or certificate.

Mr. McCLURE. Would the Senator agree that, as a result, a Federal agency cannot cite any provision of this bill as the legal basis for proposing or imposing such a modification in any pending proceedings or any future proceedings relating to such existing licenses, permits, or certificates?

Mr. JACKSON. Yes, I agree completely. For example, the legal effect of this savings clause would be to prevent any effort under paragraph 4(h) (11) of the bill to impose such modifications in the regulation of non-Federal parties, specifically including regulation by the Federal Energy Regulatory Commission under the Federal Power Act and any other laws applicable to the operation of non-Federal hydroelectric projects or other related facilities.

Mr. McCLURE. Would the Senator also agree consequently that no Federal agency may use any authorities in this bill to affect or modify the terms and conditions of such licenses, permits or certificates nor to affect any existing water rights, power rights, or other contract rights which may exist under such terms and conditions?

Mr. JACKSON. Again, I agree completely with that conclusion as a matter of law under this bill.

Mr. McCLURE. I thank the Senator. Subsection 6(k) requires the adminis-

trator to insure that any benefits under section 6 "are distributed equitably throughout the region." Would you agree that this concept of equitable distribution throughout the region would not only include the concept of geographic equity—as among various geographic locations or areas of the region—but also the concept of equity between classes of customers under the bill?

Mr. JACKSON. The Senator is correct, and I agree that both geographic equity and equity between classes of customers is intended to be incorporated fully in subsection 6(k).

Mr. McCLURE. Would the Senator also agree that the individual subsections of section 6 and the benefits included in such subsections all are subject to this express direction to the administrator to insure such equitable distribution, so that the administrator must exercise his authority under each such subsection in a discretionary manner consistent with and satisfying subsection 6(k).

Mr. JACKSON. I do agree, and certainly every authority in section 6 involving a benefit must be exercised in a discretionary manner which is consistent with and satisfies the mandatory requirement in subsection 6(k).

Mr. McCLURE. The bill was amended on the House floor to insert the words "power generating" before the word "facilities" in subsection 2(6). Would the Senator agree that the resulting provision now insures that this bill and its many provisions related to facilities and fish and wildlife mitigation will exclusively deal with the Federal Columbia River Power Systems, as defined, and other power generating facilities on the river and its tributaries?

Mr. JACKSON. I agree completely and consequently it is clear that all this bill addresses in its provisions are power generating facilities and no provision or authority under the bill can be construed to cover any other facility or structure in the region.

Mr. McCLURE. I thank the Senator. Finally, subsection 10(h) is a savings clause which preserves and protects all water and water-related rights under the bill. Would the Senator agree that subsection 10(h) is of overriding legal significance in the context of the fish and wildlife provisions of the bill, such that in the event of any legal ambiguity or conflict between subsection 10(h) and such provisions, subsection 10(h) will control the legal result?

Mr. JACKSON. Again, I agree completely with the Senator. I believe it is the full intent of the Senate that the subsection 10(h) savings clause for water and water-related rights shall be legally controlling over all other provisions in this bill, and consequently there should be strict observance of the subsection in the formulation of the plan and program under subsection 4(h) and the implementation generally of this bill.

Mr. McCLURE. I thank the Senator for this colloquy, and I again commend him for his strong leadership in fashioning the bill finally before us. I am convinced that the colloquy will better insure predictable and responsible interpretation and implementation of the bill.

Mr. MAGNUSON. Mr. President, I want to congratulate all of the parties that have worked so hard to make this legislation a reality. Members of the House and Senate, and other elected officials, congressional staff, and representatives of governmental agencies, publicly owned utilities, and public interest groups have all worked countless hours on this bill. I believe that this legislation has been improved over the last 4 years as a result of this process.

This bill establishes a framework for energy planning in the Pacific Northwest; it sets up a regional financing mechanism that gives highest priority to conservation and renewable resources; and it is designed to keep the costs that consumers pay for electricity as low as possible.

Mr. President, the Bonneville Project Act of 1937 has served the people of the Pacific Northwest well. The Federal dams and electrical transmission system have provided low-cost power for the homes and factories in our region. The Federal irrigation systems have helped the region bloom. I am very proud of my support over the years for these Federal investments.

Now it is time for new legislation, to meet the electrical energy needs of the Pacific Northwest for the rest of this century. This bill lays the foundation and provides the structure. But it will be up to all of the people who worked on this legislation to make sure that it holds together. The implementation of the bill will require continued cooperation, innovation, and perspiration.

Again, I want to congratulate all of the people who made this important legislation possible. The chairman of the Energy and Natural Resources Committee, my colleague from Washington (Mr. JACKSON), deserves special recognition for his leadership and his patience. He has been able to craft a workable compromise that meets the concerns of the people of the Pacific Northwest.

Mr. President, I urge the Senate to pass this legislation.

Mr. JACKSON. Mr. President, I move that the Senate concur in the House amendments to S. 885.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. HATFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PAPERWORK REDUCTION ACT OF 1980

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The question recurs on S. 1411.

Mr. CHILES. Mr. President, I yield to the Senator from North Dakota.

SAFE DRINKING WATER ACT AMENDMENTS

Mr. BURDICK. Mr. President, I move that the Committee on Environment and Public Works be discharged from further consideration of H.R. 8117 and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 8117) to amend the Safe Drinking Water Act, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Dakota?

There being no objection, the Senate proceeded to consider the bill.

Mr. BURDICK. Mr. President, H.R. 8117 makes some urgently needed technical amendments in the Safe Drinking Water Act. These amendments change none of the basic and major aspects of this important act but will allow necessary flexibility in its administration so that those goals may eventually be met.

The first section will extend the authority of States to exempt temporarily from interim drinking water regulations those public water supply systems that may be encountering difficulty in achieving compliance with existing timetables. This will be especially important for smaller systems that must undergo more far reaching changes if these standards are to be met.

Section 2 deals with underground injection involved in the recovery and production of oil and gas. The administration has established minimum requirements for the control of such procedures and a State may assume enforcement responsibility by demonstrating it has in place a control program that satisfies these requirements. The amendment here would allow States which have already in place control programs of this sort to demonstrate that capability without having to meet all of the specific regulations that have been proposed. This alternative demonstration will insure an equal degree of protection but will not place a further level of administrative burden on States. Furthermore, there must still be public hearing and comment before the Administrator may accept such an alternative proposal.

Section 3 removes the underground storage of natural gas from the statutory definition of underground injection. It has already been determined that such storage does not present a threat to safe drinking water, but despite these findings, the possibility of regulation yet exists. This section prevents unnecessary further demand in this area from being placed on a portion of industry that does not ultimately enter the field of circumstances which the act intends to address.

Given the nature of these technical amendments, Mr. President, and the fact that unless we move to adopt them a great deal of needless administrative complication may ensue, I encourage Senators to join with me in seeking pas-

sage of H.R. 8117 so that these minor, yet valuable, changes may take effect.

Mr. RANDOLPH. Mr. President, I join my able colleague from North Dakota (Mr. BURDICK) in supporting the passage of this legislation to amend the Safe Drinking Water Act.

H.R. 8117 was referred to the Senate Committee on Environment and Public Works on September 24 of this year. It will primarily extend the length of time in which States can exempt certain drinking water systems from the approaching January 1, 1981, deadline for compliance with the interim national primary drinking water regulations.

Over the past year, I have been made acutely aware of the problems that many systems, particularly those in small communities, have had in trying to reach this deadline. I have heard my colleagues from Iowa, Illinois, South Carolina, and other States tell me many water systems, especially the ones in small communities, desperately need additional time to accomplish the goals set forth by the Federal standards. West Virginia communities also need a delay in the deadline.

Many small communities are making good progress. But also, in order for the real intent of the law to be attained, additional time is necessary for those who are still seeking the resources to upgrade their systems. The measure before us would enable the States to grant exemptions on a case-by-case basis until January 1, 1984.

A second significant provision of this measure would exempt natural gas storage wells from the statutory definition of underground injection. There is no evidence at this time that underground natural gas storage poses a hazard to underground sources of drinking water. This section of the bill will effectively delete the practice of storing natural gas from the underground injection control program regulations.

A third provision of the legislation facilitates State underground injection control programs for oil and gas operations. Under present law, State programs must satisfy Environmental Protection Agency regulations before they can assume primary enforcement responsibility. This portion of the bill would grant the States this primary authority, provided they can show that their programs satisfy the requirements established by the Safe Drinking Water Act.

We have evolved a reasonable compromise to many bills that have been introduced this session. This bill addresses several important issues in a sensible fashion. I endorse it with my vote today.

● Mr. DOMENICI. Mr. President, I rise in support of H.R. 8117, a bill to amend the Safe Drinking Water Act. That act has created a number of problems in my State of New Mexico and this bill will resolve many of those problems. Specifically, I would like to address two sections of the bill.

The Safe Drinking Water Act requires that the Environmental Protection Agency propose regulations for the State underground injection control program within 120 days after the date of enactment of that law. The regulations would cover all types of injection wells from industrial and nuclear disposal wells, oil and gas injection wells, solution mining wells or any hole in the ground designed for the purpose of injecting water or other fluids below the surface.

Since this section was passed into law, EPA has proposed and reproposed regulations, and in each case, the proposals have been almost universally disliked by the State who will enforce those regulations.

For example, in my State of New Mexico, the State oil conservation division presently regulates approximately 3,500 injection wells related to oil and gas activities in the State. These include injection wells in secondary recovery projects and approximately 250 salt water disposal wells. Almost 80 percent of the State's oil production is directly related to the continued use of these injection wells, consequently, EPA's regulations are of vital concern, and unnecessary regulations imposed on an already effective State program could be a step backward, not a step forward.

In New Mexico the first salt water disposal well was approved in 1951. The oil conservation division has continued to work to develop a program which it believes adequately protects underground sources of drinking water while continuing to permit the maximum degree of oil and gas production at a minimum cost to taxpayers. Since that first well was approved in 1951, there has only been one case brought before the Commission where contamination of a fresh water zone was alleged.

The Interstate Oil Compact Commission has prepared a brief study of the harmful effects of oil and gas operations on underground sources of drinking water in the States of Texas, New Mexico, Louisiana, Oklahoma, and Arkansas and has failed to find any widespread contamination. While the study is by no means a comprehensive look at the issue, it is presently the only information of this kind available, as EPA has not as yet conducted such a study.

The imposition of a rigid national pattern on States which possess varying regulatory systems, varying geology, and varying ages of wells, could prove unworkable. The Safe Drinking Water Act requires that EPA not unnecessarily interfere with existing State programs, but it is my belief that the issuance of these underground injection control regulations could undermine the responsible programs of many States.

H.R. 8117 will give EPA the discretion to approve State plans, without subjecting those States to regulations prepared under the Safe Drinking Water Act, if the State program adequately protects underground water supplies. It is my belief that this is a fair and equitable solution to the problem.

The bill also addresses the problem of communities that have not been able to meet interim primary drinking standards. Specifically, it extends the State exemption authority for compliance with interim standards from January 1, 1981 until January 1, 1984.

Mr. President, this amendment will greatly assist many small communities in my State of New Mexico, as well as small communities all over this country. States should have the ability to continue to exempt systems from compliance with interim regulations until final standards are issued. This amendment will serve that need.

Therefore, Mr. President, I urge immediate acceptance of H.R. 8117.●

● Mr. THURMOND. Mr. President, this bill is the House passed version of S. 3046, which I was pleased to cosponsor with my distinguished colleague from Illinois, Mr. PERCY. The need for this legislation is manifest.

Unless this legislation is passed this session, Mr. President, some 60 water systems in my State of South Carolina will be out of compliance with Safe Drinking Water Act standards as of January 1. To keep from being out of compliance, these systems would have to undergo an extremely costly modification process to remove fluorides from the water.

The Environmental Protection Agency has not yet completed the necessary studies from which to establish appropriate fluoride level standards, and until this is done, I feel that it would be premature to set exacting standards. I hope that prompt action can be taken today, Mr. President, so that hundreds of communities in South Carolina and other States will not have to undertake substantial modifications of their water systems which may ultimately prove to have been unnecessary.●

● Mr. PERCY. Mr. President, I wish to take this opportunity to commend Senator RANDOLPH, chairman of the Environment and Public Works Committee, and Senator STAFFORD, the ranking minority member, for their expeditious consideration of H.R. 8117, amendments to the Safe Drinking Water Act. This legislation is a compromise version of legislation I introduced along with Senator STEVENSON, Senator THURMOND, and Senator HOLLINGS.

H.R. 8117 extends the period of authority for States to issue exemptions to Environmental Protection Agency Safe Drinking Water Standards. This authority expires on January 1, 1981—less than 2 months from now—and communities across the country would have been forced to make major investments in equipment if this legislation was not enacted before the close of this session of Congress. Illinois EPA officials estimate that it will cost $275 million, excluding annual operating expenses, to comply with the U.S. EPA standards in Illinois alone. Some small Illinois water systems would have been forced to increase water rates for the average family by as much as $88 a month.

I do not oppose the concept underlying the Safe Drinking Water Act. Indeed, I fully support maintaining drinking water with a margin of safety. My concern is that EPA has failed to issue standards in a timely fashion, despite Congress mandating that such standards be issued by 1978. Water systems should not be forced to spend millions of dollars on expensive equipment to comply with interim standards, when revised standards, which may require different equipment,

are to be issued soon. The EPA standards may be too low, or they may be too high, but EPA should establish revised standards before requiring local communities to spend large sums for compliance. Such expenditures on equipment of unknown benefit reduce the funds available for expenditures of known benefit.

H.R. 8117 extends the State exemption authority until January 1, 1984. Under the legislation I had originally proposed, the exemption authority would be extended until January 1, 1988. I view this provision in H.R. 8117 as an acceptable compromise and am pleased that it will become law before the end of this year. I deeply appreciate the swift consideration of this legislation by the committee and I thank these Senators involved.●

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 8117) was ordered to a third reading, was read the third time, and passed.

PAPERWORK REDUCTION ACT OF 1980

The Senate continued with the consideration of the bill.

Mr. CHILES. Mr. President, I yield to Senator DANFORTH, the ranking minority member on the subcommittee. I want to express my appreciation to him for his work and the work of his staff in holding hearings and for all of his efforts in the markup in regard to the paperwork bill.

Mr. DANFORTH. Mr. President, I reciprocate the kind comments made by the Senator from Florida. He has done a lot of work on this bill which I believe is going to have some significant effect on reducing the burden of the Federal paperwork on the American people.

Mr. President, I support S. 1411, the Paperwork Reduction Act of 1980. I was pleased to join Senator CHILES and Senator BENTSEN as an original cosponsor of this bill. Among my Republican colleagues who support this legislation, I am pleased to count Senator DOLE, Senator LUGAR, Senator PERCY, Senator ROTH, Senator GARN, Senator COCHRAN, and Senator HEINZ as cosponsors. The push to enact this legislation is truly a bipartisan effort.

Mr. President, the need for this legislation is clear. Congress, with its propensity to enact new programs every year and the regulatory bureaucracy, with its propensity to regulate, have created demands for information that have cost the American people dearly. Back in the days when a prime money rate of 12 percent would have shocked the conscience, the Federal Paperwork Commission estimated that it cost $100 billion a year to fill out and process Federal paperwork—$500 for every man, woman, and child in this country I can only guess at the cost of Federal paperwork today, but it is a sure bet the cost has gone up.

In real terms, the cost of Government paperwork is a direct assault on American productivity, a hidden tax. The time and money spent in the effort to comply with Government paperwork requests is time and money unavailable for other, more productive purposes. The dollars businesses spend on Government paperwork are dollars unavailable for research and development. The dollars hospitals spend on Government paperwork are dollars unavailable for improved health care services and medical research. The dollars State and local governments spend on Government paperwork are dollars unavailable for social services or—for that matter—dollars that could be turned back to the people in reduced taxes. But the time expended in complying with Government paperwork takes its toll in other ways as well. As small business counselor Dawn Larmer told me in hearings I chaired last year in St. Louis:

> The main point is the drain on the businessman's time and energy. It's totally irreplaceable. Because his business is small, my client is personally involved in every audit, every report, every piece of paperwork. He's being unfairly burdened by every level of government. His entrepreneur's zeal just has to be zapped by that.

Businessman Charlie Roland's testimony was somewhat more blunt:

> Once a year we have a voluminous paper that comes in from the Commerce Department. On the bottom of it, it says, "If you don't fill it out, you're going to get fined x number of dollars and maybe spend some time in jail." That's a horrendous thing to impose upon a businessman. I'd just frankly like to tell them to go hell.

This cost—the demoralization, frustration, aggravation, exasperation and despair that the American people feel when they confront Government paperwork—should not be discounted. It is real. And it affects more than the American business community. In those St. Louis hearings, Margaret Stroup, then director of the St. Louis County Department of Human Services, testified to what she described as the "hidden cost" of Government paperwork:

> The last thing I'd like to mention, I didn't hear today, and I'd like you to think about, and that is, that I'm seeing another hidden cost in all of this. The people who are dealing in human services programs for the most part, went into the business because they cared, because they're concerned citizens, sensitive individuals who wanted to do something for their fellow man. They knew they weren't going to get much money in the program, so they had to have other motivations for going in. What happens, as they work their way through the system, is that slowly, I see an eroding of morale and motivation. I see them getting more concerned about filling in the forms properly, rather than making sure that South County's Mrs. Jones gets her house rehabilitated. And there are employee reviews, and their whole life then becomes centered around the ability to cope with this ream of paperwork that they must deal with daily. And any thoughts that they had early about going in to get help Mr. Jones, a senior citizen, get a rehabilitated house, get lost in making sure that Mrs. Jones' contractors fulfill all of the Davis-Bacon, et cetera, et cetera, et cetera. And after a while, there builds up a little bit of scar tissue and callousness with Mrs. Jones because of the paperwork has to be done. Now, that's not what the Department of Human Resources want to be about. And, any change in the regulations and the forms, so that we could be back to serving people, would be very much appreciated.

Time and time and time again this message was brought home in those St. Louis hearings—and I would daresay it is a message that is repeated every day in my mail.

The Paperwork Reduction Act is no panacea, but it does represent a serious, hardheaded attempt at controlling Government paperwork. A hefty document in its own right, it can be boiled down to three main points:

First, it proposes to consolidate control over Federal Government paperwork in one central office located with the Office of Management and Budget. Right now, the executive branch agencies are accountable to the OMB, the independent agencies are accountable to the General Accounting Office, and the IRS and the banking regulatory agencies are accountable to nobody. This bill proposes to put an end to that crazyquilt scheme. For the first time ever—with limited exceptions necessary to Federal law enforcement efforts and national security—every Federal agency except one is going to have to submit its significant paperwork requests to the OMB for clearance. Of all Federal agencies, only the Federal Election Commission is totally exempt; its paperwork requests are cleared by the Congress itself. Because of concerns raised by the Department of Defense, Government-owned contractor operated laboratories engaged in research and production activities for national defense are specifically exempt from the definition of "agency", and hence, from the reach of this bill. They are not Federal agencies, however, as that term is generally understood.

Second, the bill proposes to subject each significant Government paperwork request to a tough, but commonsense, test. Is it necessary? By this we mean, is the information sought truly needed to achieve the agency's objectives? And even if it is—is the information available from other sources within the Federal Government? And even if these tests are met, can the information be obtained in a less burdensome manner? And even if the information is needed—and otherwise unavailable—and the information request is written or structured so as to minimize the burden on the respondent, will the information have practical utility for the agency? Can the agency use it once it gets it?

All of these questions must be asked and answered, first by the agency itself and then by OMB. If an agency cannot demonstrate that the information it wants is really needed, and if an agency cannot demonstrate that the information it wants is unavailable from Federal sources, and if an agency cannot demonstrate that it has taken steps to minimize the burden of the information collection request, and finally, if an agency cannot demonstrate its capability to use the information once it gets it, then the information request is not necessary as far as this bill is concerned—and it should be rejected.

Third, the bill establishes a Federal information locator system—a central clearinghouse of information to enable

the left hand to know what the right hand is doing. It should not be forgotten that one important goal of this legislation is to reduce the cost of Federal paperwork that is borne by the Federal Government itself—a cost estimated by the Federal Paperwork Commission at $43 billion. The Federal information locator system should enable Federal agencies to determine if the information they want is already available elsewhere in the Federal Government, thereby eliminating duplicative information requests.

These three provisions, in my view, are the core of this legislation. However, for purposes of legislative history, I want to speak to a few additional questions which, in my view, merit discussion.

There has been some question raised whether this bill is intended to reach information requests put out by the Federal Government which impose no duty on the recipient to respond. It is. Although we are chiefly concerned about the burden imposed on the American people by paperwork they have no choice about answering, we are also concerned about paperwork that can freely wind up in the wastebasket—and often does.

Whether responses to a request for information are voluntary, required to obtain a benefit, or mandatory, no information request should ever go out unless and until there has been a determination that it is necessary. If it is not necessary it is a waste of the taxpayer's money and, as often as not, an insult to the recipient. A case in point was recently called to my attention by the editor of the Dunklin (Mo.) Daily Democrat, in a recent editorial entitled "What Paperwork Victory?" I recommend it to the attention of my colleagues, the Secretary of the Department of Health and Human Services, and the Director of the Office of Management and Budget. And I ask unanimous consent that it be printed at this point in the RECORD.

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

WHAT PAPERWORK VICTORY?

We confess some amusement, tinged with irony, at a statement released this week by U.S. Sen. John Danforth declaring, "Congress is one step closer to victory in the war against federal paperwork." The Missouri lawmaker was announcing the fact that the Senate Committee on Governmental Affairs is soon expected to report out the Chiles-Danforth bill to set controls on the "phenomenal number of federal forms that flood out of Washington," to use Danforth's own words.

Almost in the same mail, we received an example of one of those "phenomenal number of federal forms" the Senator is referring to. This particular one came from the National Institute on Alcohol Abuse and Alcoholism in the Alcohol, Drug Abuse and Mental Health Administration within the Public Health Service which is a part of the U.S. Department of Health and Human Services. Readers who may think we're joking about this particular federal agency should know that it is not only real but sending out information right and left, page after page of it, and that there really is such a title for an agency. By the time an employee of the agency identifies where and for whom he works, he must be exhausted.

This particular mailing had four separate parts: a cover letter, a questionnaire, an 8-page bulletin and an enclosed return envelope. The purpose of this particular mailing was to determine whether this newspaper wanted to continue to receive the agency's Information and Feature Service. To qualify for receipt, the newspaper was being asked to complete a page-long questionnaire, asking for a variety of information ranging from occupation to "organization setting" to major areas of interest.

We refer Sen. Danforth to this particular agency, whose title is too long to be repeated in this brief space, as one segment of the federal government which has yet to learn of the corrective forces of the Chiles-Danforth bill.

P.S.: We decided the agency's mailings weren't worth the trouble of the questionnaire.

Mr. DANFORTH. Such stories are common. Let me make it clear, therefore, that by this legislation we intend that Federal agencies and OMB intensely scrutinize all paperwork requests of the public. The fact that responses to a request for information are voluntary is no excuse for agency heads or OMB to let down their guard. Indeed it is such requests, as often as not, that fuel public suspicion—and rightfully so—about the waste of tax dollars.

This brings me, then, to another aspect of this legislation that, in my view, merits special notice. Section 3504(c) (3) (C) of the bill states that one of the Director's duties in reviewing paperwork requests will be to insure that they "contain a statement to inform the person receiving the request why the information is being collected (and) how it is to be used." This provision was added to the bill at my request. It seems to me that if the Federal Government is going to ask the American people to fill out a lot of forms, it ought to at least have the common decency to tell them why they are doing it. This does not have to be an exhaustive statement—but it should be of sufficient length to be informative. And—this should go without saying—it should be in plain English. I expect that the Director of the OMB will be diligent in policing this requirement. In my opinion, fewer forms will end up in wastebaskets if somebody takes the time to explain to the people getting them why they are needed. In addition, in the process of figuring out how to explain why a form should be answered, more than one Federal bureaucrat may discover that there really are not very good reasons—and abandon the effort.

It is important to recognize, however, that despite our intention that all Government paperwork be subject to review, the committee placed important limitations on that review. In certain areas, our concern with controlling the burden of Government paperwork was overshadowed by greater concerns.

For example, it should be clearly understood by everyone interested in this legislation that the authority of the Director of OMB to review proposed information collection requests applies only to collections of information conducted or sponsored by a Federal agency. Thus, research projects funded by a grant or cooperative agreement are not, under ordinary circumstances, subject to the paperwork controls of this act. As the committee made clear in its report, the only circumstances under which collections of information are considered to be conducted or "sponsored" by a Federal agency are where:

First, the agency itself conducts the collection;

Second, the agency uses a procurement contract to obtain information by way of a contractor; or

Third, the terms and conditions of a grant or cooperative agreement specifically require that collections of information be subject to the clearance requirements of the act.

The Federal grant system is already a maze of redtape and regulations for the hapless recipient of Federal grants. Although we are concerned that recipients of Federal grants use public resources wisely and be sensitive to the burden which their requests for information may impose, we do not believe it advisable to subject grant recipients to paperwork reviews by OMB. I might add that, to my knowledge, this decision by the committee affirms current practice.

Other reservations in the bill derive from the committee's concern that, in our zeal to control paperwork, we not subvert other important governmental purposes. This bill is a paperwork bill—and its primary purpose is to minimize the burden of Federal paperwork on the American people. Where, for example, concerns were voiced that the bill might adversely affect Federal law enforcement, intelligence, or counterintelligence efforts, or national security or defense, the committee acted to limit paperwork reviews. Further, with respect to policy questions affecting the acquisition of telecomunications equipment, when concern was expressed that passage of this legislation would increase the powers of the Administrator of the General Services Administration to review agency acquisition policies under Public Law 89-306 (the Brooks Act) the committee—at the request of the administration—acted to expressly reject any such interpretation of this legislation. Call it what you want, this bill is a paperwork bill. It is concerned with information management. Period. Amendments accepted by the Senate today further clarify this issue.

If this legislation is to achieve its goal of reducing government paperwork, however, it is important to have the cooperation of the independent agencies. I use the term "cooperation" advisedly, for—despite the fact that we have brought the independent agencies back into the fold, subjecting them, once again to OMB review—we have given the independent agencies the very important power to void OMB directives.

Several members of the committee, myself among them, did not readily embrace the notion of giving independent agencies the power to override OMB decisions. Those of us who are troubled by the unaccountability of the regulatory bureaucracy were unhappy with the prospect of the override authority being

used to subvert the purposes of this legislation. Nonetheless, we accepted the override as the necessary price for achieving OMB review of the paperwork put out by independent agencies. It is expected by those of us who support this legislation that this authority will be viewed by the agencies as a privilege and not a right—a safeguard against overreaching by OMB—a power of last resort to be used sparingly. In this regard, the independent agencies will be well advised to study the requirement set out in section 3507(c) that all overrides be certified to the Director, together with an explanation of the reasons for the override. Should the agencies prove incapable of adequate explanations for their use of the override, the Congress may find it advisable to reassess and more tightly define the authority—or do away with it altogether.

Finally, I want to discuss section 3512 of the bill, the "public protection" section. Much has been made of the rights this section provides persons who receive "bootleg" forms, forms which have not gone through the clearance process—but should have—and fail to carry an OMB control number. Section 3512 makes it clear that, after December 31, 1981, such information collection requests can be ignored by the people who get them. This should serve as an important deterrent to any thoughts agencies might have of cutting corners, and it is an important protection.

But it is important to recognize as well that section 3512 acts as an important limitation on the ability of any person to challenge the legitimacy of a request for information by resort to the Paperwork Reduction Act. The reforms to be effected by this bill are administrative reforms. If enforced conscientiously they should achieve a significant reduction in Federal paperwork burdens. But it is important to recognize that this goal is to be accomplished through administrative action.

We are not seeking to reduce paperwork by creating judicial remedies for people who want to challenge paperwork requests they receive from the Federal Government. Therefore, the report makes clear that the circumstances which entitle a person to ignore an information collection request under section 3512—that is, the absence of a current control number or the absence of a statement to the effect that the information collection request is not subject to the Paperwork Reduction Act—are "the only circumstances under which a person may justify the failure to maintain information for or provide information to any agency, when otherwise required, by reliance on this act."

Thus, as far as the Paperwork Reduction Act is concerned, the process of determining the validity of an information collection request is fairly cut and dried. As the report states:

> If an information collection request displays a current control number or states that the request is not subject to this Act, it is valid for the purposes of this Act.

Lawsuits which seek to challenge the necessity or burden of information collection requests cannot therefore be grounded on the provisions of this act.

Mr. President, that concludes my statement. I believe we have succeeded in writing legislation which holds great promise for reducing the burden of Federal paperwork. I have long believed that one of the most important tasks facing any President serious about controlling Government paperwork is the appointment of an OMB Director who has the determination and resolve to say "No" to paperwork demands by Federal agencies. This legislation gives the OMB Director that power. I hope it is used well.

Nonetheless, I caution my colleagues not to become so enamored of the reforms promised by this legislation as to forget our own responsibility to control Federal paperwork. The job of fighting Government regulation and the paperwork it brings begins here. Whatever accomplishments we may achieve today, we have miles to go before we sleep.

Mr. JAVITS. Mr. President, I applaud the purpose of this legislation, which is to permit the Federal Government to function in as efficient a manner as possible, while reducing the blizzard of paperwork that confronts our citizens. However, I have been concerned that the method used to accomplish this worthwhile goal—particularly the provision that all agency recordkeeping requirements be cleared by OMB—could be used to undermine substantive programs. For without adequate information on which to base its decisions, an agency cannot function.

The sponsors of this legislation have made very clear that nothing in the bill in any way affects OMB's authority over substantive policies and programs, including the enforcement of the civil rights laws. The bill itself so states, at section 3518(e). I believe this is the correct position.

However, the line between substance and procedure is not always entirely clear. While I do not believe OMB's authority over any program, whether it is worker safety or pure food and drugs, should be, or is, increased by this legislation, I particularly want to say a few words about civil rights programs. Civil rights programs, unlike many of the other programs covered by this bill, are grounded in fundamental constitutional rights. As such, they are entitled to every possible protection from political interference.

Further, many of these programs simply cannot be enforced without the collection of data. Even if the information requested may seem burdensome to some, its collection is especially important in the area of civil rights. I have no objection to OMB reviewing information requests from civil rights or any other agencies to assure that the information is collected in the least burdensome manner consistent with the statutory purpose, and is not duplicative. But I will not idly stand by if it appears that any substantive civil rights program is being sacrificed. I do not believe the bill permits this, and that is why I can support it. But I will be watching its implementation very carefully.

● Mr. BENTSEN. Mr. President, one of my main concerns since coming to the Senate has been the costly burden imposed on American businesses and consumers by unnecessary and excessive Government paperwork and redtape. The paperwork burden threatens the very existence of small businesses whose owners are diverted from the necessary tasks of producing goods and serving customers.

I urge the Senate to approve S. 1411, which is an important step to bring Federal paperwork and the redtape monster under control.

At present, no one in the sprawling Federal bureaucracy has authority to curb and cut back on needless paperwork demands. This bill marks the first official Government recognition that paperwork and redtape impose a significant cost on businesses and consumers and divert resources from other productive uses.

The paperwork reduction bill we are voting on today is an important step at correcting this situation and I am pleased that we have made progress in providing the legislation that is needed to overhaul our paperwork procedures.

I want to thank my colleagues, Senator CHILES and Senator DANFORTH, for their good efforts on this bill and urge immediate adoption of this measure.●

Mr. RANDOLPH. Mr. President, any move we make to improve the economy and efficiency of the Federal Government will be universally applauded by the American public. I believe that much of the so-called protest vote recorded on November 4 was not directed at any individual, or any party, but at the proliferation of rules and regulations and multiplicity of forms and directives which are inundating the private sector. This paperwork blizzard is not only costing billions of dollars, but it is increasingly invading the private lives of individuals and impinging on their rights and liberties.

We could recite horror stories of runaway redtape for hours and even days, but it would only add to the paperwork burden of this RECORD. I confine my coments to only one recent example. Last summer the Office of Management and Budget imposed complex new acounting rules for federally sponsored research carried out on university campuses. One of these regulations dealt with procedures by which universities must keep track of time and effort of their professors, to keep track of research activities the Government is paying for. One major university estimates that this will increase the number of reports it must send to Washington from 3,000 to 80,000 a year.

Mr. President, this is important legislation which I wholeheartedly cosponsor. And I further commend the able Senator from Florida (Mr. CHILES) for his leadership in this legislation. I urge my colleagues to join in helping to make the word "bureaucracy" respectable again.

Mr. CHILES. Mr. President, third reading.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (S. 1411) was passed.

Mr. CHILES. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. DANFORTH. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

(Later the following occurred:)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be discharged from further consideration of H.R. 6410, which is the companion paperwork reduction bill; that the Senate proceed to its immediate consideration; that all after the enacting clause be stricken, and that in lieu thereof the Senate bill, S. 1411, which had passed the Senate today, be inserted; that the bill H.R. 6410 be advanced to third reading, passed, and the motion to reconsider laid on the table, and the bill S. 1411 be indefinitely postponed.

Mr. STEVENS. It is my understanding that what this does is to substitute the House bill for the bill already passed, and we will send the Senate version of that bill to conference. I think the action is warranted.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

SAFETY AND HEALTH IN SKIING

Mr. ROBERT C. BYRD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 43.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 43) entitled "An Act to promote safety and health in skiing and other outdoor winter recreational activities", do pass with the following amendment:

Strike out all after the enacting clause, and insert:

CHARTER

SECTION 1. National Ski Patrol System, Incorporated, a corporation organized under the laws of the States of New York and Colorado is hereby recognized as such and granted a Federal charter.

POWERS

SEC. 2. National Ski Patrol System, Incorporated (hereinafter referred to as the "corporation") shall have only those powers granted to it through its bylaws and articles of incorporation filed in the States where it is incorporated.

OBJECTS AND PURPOSES OF CORPORATION

SEC. 3. The purposes of the corporation shall be to promote, in any and all ways, patriotic, scientific, educational and civic improvement activities, public safety in skiing, including, without limiting the generality of the foregoing, the dissemination of information with respect thereto and the formation of volunteer local patrols, consisting of competent skiers trained in the administration of first aid, for the purpose of preventing accidents and rendering speedy assistance to persons sustaining accidents; to solicit contributions of money, services, and other property for, and generally to encourage and assist in carrying out, the foregoing purposes in every way.

SERVICE OF PROCESS

SEC. 4. With respect to service of process, the corporation shall comply with the laws of the States in which it is incorporated and those States in which it carries on its activities in furtherance of its corporate purposes.

MEMBERSHIP

SEC. 5. Eligibility for membership in the corporation and the rights and privileges of members shall, except as provided in this Act, be as provided in the bylaws of the corporation.

BOARD OF DIRECTORS: COMPOSITION: RESPONSIBILITIES

SEC. 6. The board of directors of the corporation and the responsibilities thereof shall be as provided in the articles of incorporation of the corporation and in conformity with the laws of the State or States where incorporated.

OFFICERS OF CORPORATION

SEC. 7. The officers of the corporation and the election of such officers shall be the same as is provided for in the articles of incorporation of the corporation and in conformity with the laws of the State or States where incorporated.

RESTRICTIONS

SEC. 8. (a) No part of the income or assets of the corporation shall inure to any member, officer, or director of the corporation or be distributed to any such person during the life of this charter. Nothing in this subsection shall be construed to prevent the payment of reasonable compensation to officers of the corporation or reimbursement for actual necessary expenses in amounts approved by the board of directors.

(b) The corporation shall not make any loan to any officer, director, or employee of the corporation.

(c) The corporation and any officer and director of the corporation, acting as such officer or director, shall not contribute to, support or otherwise participate in any political activity or in any manner attempt to influence legislation.

(d) The corporation shall have no power to issue any shares of stock nor to declare or pay any dividends.

LIABILITY

SEC. 9. The corporation shall be liable for the acts of its officers and agents when acting within the scope of their authority.

BOOKS AND RECORDS: INSPECTION

SEC. 10. The corporation shall keep correct and complete books and records of account and shall keep minutes of any proceeding of the corporation involving any of its members, the board of directors, or any committee having authority under the board of directors. The corporation shall keep at its principal office a record of the names and addresses of all members having the right to vote. All books and records of such corporation may be inspected by any member having the right to vote, or by any agent or attorney of such member, for any proper purpose, at any reasonable time. However, nothing in this section shall be construed to contravene any applicable State law.

AUDIT OF FINANCIAL TRANSACTIONS

SEC. 11. The first section of the Act entitled "An Act to provide for audit of accounts of private corporations established under Federal law", approved August 30, 1964 (36 U.S.C. 1101), is amended by adding at the end thereof the following:

"(51) National Ski Patrol System, Incorporated".

ANNUAL REPORT

SEC. 12. The corporation shall report annually to the Congress concerning the activities of the corporation during the preceding calendar year. The report shall not be printed as a public document.

RESERVATION OF RIGHT TO AMEND OR REPEAL CHARTER

SEC. 13. The right to alter, amend, or repeal this Act is expressly reserved to the Congress.

DEFINITION OF "STATE"

SEC. 14. For purposes of this Act, the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

TAX EXEMPT STATUS

SEC. 15. The corporation shall retain its status as an organization exempt from taxation as provided in the Internal Revenue Code. If the corporation fails to retain such status, the charter granted hereby shall expire.

● Mr. HATCH. Mr. President, I am gratified that the National Ski Patrol System Recognition Act is about to become public law, having been fully considered and approved by both Houses of Congress. The road to reach this point has been long, primarily because of the special nature of Federal charters. Congress has rightly guarded these privileges so that they and the organizations which have earned the honor of holding one are not devalued.

I share the view that charters should not be issued indiscriminately. While there are thousands of worthy organizations which may benefit from the prestige of holding a congressional charter, not all of these can meet the standards established by the Judiciary Committees of the House and Senate and the intent of Congress implied by these guidelines.

I do not begrudge my colleagues the time they have spent examining the National Ski Patrol System, its purposes, achievements, and cooperative relationships with other public service organizations, including the U.S. Government. This is a necessary part of evaluation and I encourage similar scrutiny of subsequent petitions to Congress from other organizations.

I also encourage organizations seeking a charter to be fully prepared to show specifically how they meet the standards for Federal charters and how they plan to assist the public.

I am delighted, however, that the National Ski Patrol System and its 23,000 members nationwide will be so honored by the 96th Congress. These men and women have been unselfish in their devotion to public safety both on and off the ski slopes. Their effectiveness in rendering emergency first aid and search and rescue services has been well documented by physicians, nurses, and hospitals in cases of automobile accidents, drownings, heart attacks, and choking as well as in skiing and winter sports accidents. In view of this service, a charter is an appropriate form of congressional recognition.

Mr. President, there have been many people who have tirelessly helped in getting this measure through both Houses of Congress and I would like to express my public appreciation to them. In the Sen-

ate, 62 of our colleagues cosponsored S. 43, but I would like to specifically mention Senators THURMOND, CANNON, and HEINZ who participated in our hearing and to Senator KENNEDY who graciously chaired the hearing and provided needed support all along the way.

In the House, I would like to say thanks to Representative JACK KEMP who sponsored the House companion bill, H.R. 2279. It was a pleasure for me to work with him and his staff assistant, Mr. Michael Castine. The measure could not have proceeded but for the understanding and interest of the chairman of the Administrative Law Subcommittee, Representative GEORGE DANIELSON and the ranking minority member of both the subcommittee and full committee, Representative ROBERT MCCLORY.

Their staffs assisted a great deal in laying the groundwork in the House for hearings and subcommittee and full committee markups and for keeping me well informed of House progress on the bill. Mr. Jim Lauer and Mr. Alan Coffey deserve our appreciation in this regard. There are many others who have had a hand in the passage of this bill and to everyone who believed in the efficacy of this legislation and helped to bring it to this point, on behalf of the National Ski Patrol System, I say thank you.●

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. KENNEDY I move that the Senate concur in the amendment of the House.

The motion was agreed to.

NATIONAL HISTORIC PRESERVATION ACT AMENDMENTS OF 1980

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 1150, H.R. 5496.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 5496) to amend the National Historic Preservation Act of 1966, and for other purposes.

The Senate proceeded to the consideration of the bill.

● Mr. BUMPERS. Mr. President, this measure, which has been cleared on both sides, would reauthorize the existing national historic preservation program and make a number of improvements and innovations in the historic preservation program. I now ask unanimous consent that a summary of the bill's major provisions appear in the RECORD at this point.

H.R. 5496 would provide for:

Continuation of the National Register with national, State, and local significance, while properties deemed of national significance will be designated as "National Historic Landmarks";

Development and revision of regulations for the nomination of properties to the National Register that include notification, appeals, and local government participation;

Uniform documentation and curatorical procedures for properties, sites, artifacts, and records;

Revision of regulations to govern the State historic preservation programs requiring appointment of a State historic preservation officer to administer the following program components:

Comprehensive survey and inventory;

Nomination of eligible properties to the National Register;

Comprehensive statewide historic preservation plan;

Public information, education, and training concerning the Federal and State programs;

Designation of a State review board;

Cooperation with local governments, Federal and State agencies, and citizens;

Certification of qualified local governments for increased participation;

Matching grants-in-aid for projects and programs in the States and the National Trust for Historic Preservation;

Education and training programs for public officials at all levels of government;

Grants made under this act will not be taxable as income;

A sum of 70 percent Federal funding match for survey and planning at State and local levels;

A sum of 10 percent of State apportionment to be earmarked for local governments that are certified or working toward certification;

When the appropriation exceeds $65 million for a single year, half of the excess will be earmarked for certified local governments; and

The sum of $150 million authorization through 1987, the current level of authorization.

Federal agency responsibility to include:

Designation of a historic preservation officer in each agency;

Recording of data in event building listed or eligible must be altered or destroyed;

A higher standard will apply when a Federal undertaking will affect a National Historic Landmark;

Data recovery requirements with reasonable costs potentially being passed onto licensees, permittees, or grantees;

Lease provision with use of proceeds to defray preservation costs of other properties within the agency's jurisdiction; and

Preservation activity reasonable costs may be assumed by the agency or passed on to licensees or permittees.

The Department of the Interior may accept donations and bequests of money and personal property for the purposes of the program as well as easements;

Exemption from the Freedom of Information Act;

Reimbursement of private attorneys' fees in civil action brought in any U.S. district court as the court deems reasonable;

A loan insurance program for National Register properties;

Recognition of the National Museum of the Building Arts;

Report on intangible cultural resources within 2 years in cooperation with the American Folklife Center;

The council, in cooperation with Treasury, shall submit a report on Federal tax laws and a loan guarantee program within 1 year of enactment.

There were many people and organizations who have helped make this bill possible. Rather than recite them all at this point, I would like to refer to the CONGRESSIONAL RECORD of November 17, 1980 on pages 29826-29828, and add the deep gratitude of the Senate for their help.

Mr. President, I move the passage of H.R. 5496.●

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 5496) was ordered to a third reading, was read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

GASOHOL COMPETITION ACT OF 1980

Mr. ROBERT C. BYRD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 2251.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 2251) entitled "An Act to amend the Clayton Act to prohibit restrictions on the use of credit instruments in the purchase of gasohol", do pass with the following amendment:

Strike out all after the enacting clause, and insert: That this Act may be cited as the "Gasohol Competition Act of 1980".

SEC. 2. The Clayton Act is amended by redesignating section 26 as section 27 and by inserting after section 25 the following new section:

"SEC. 26. (a) Except as provided in subsection (b), it shall be unlawful for any person engaged in commerce, in the course of such commerce, directly or indirectly to impose any condition, restriction, agreement, or understanding that—

"(1) limits the use of credit instruments in any transaction concerning the sale, resale, or transfer of gasohol or other synthetic motor fuel of equivalent usability in any case in which there is no similar limitation on transactions concerning such person's conventional motor fuel; or

"(2) otherwise unreasonably discriminates against or unreasonably limits the sale, resale, or transfer of gasohol or other synthetic motor fuel of equivalent usability in any case in which such synthetic or conventional motor fuel is sold for use, consumption, or resale within the United States.

"(b)(1) Nothing in this section or in any other provision of law in effect on the date of the enactment of this Act which is specifically applicable to the sale of petroleum products shall preclude any person referred to in subsection (a) from imposing a reasonable fee for credit on the sale, resale, or transfer of the gasohol or other synthetic motor fuel referred to in subsection (a) if such fee equals no more than the actual costs to such person of extending that credit.

"(2) The prohibitions in this section shall not paply to any person who makes available sufficient supplies of gasohol and other syn-

thetic motor fuels of equivalent usability to satisfy his customers' needs for such products, if the gasohol and other synthetic fuels are made available on terms and conditions which are equivalent to the terms and conditions on which such person's conventional motor fuel products are made available.

"(3) Nothing in this section shall—

"(A) preclude any person referred to in subsection (a) from requiring reasonable labeling of pumps dispensing the gasohol or other synthetic motor fuel referred to in subsection (a) to indicate, as appropriate, that such gasohol or other synthetic motor fuel is not manufactured, distributed, or sold by such person;

"(B) preclude such person from issuing appropriate disclaimers of product liability for damage resulting from use of the gasohol or other synthetic motor fuel;

"(C) require such person to provide advertising support for the gasohol or other synthetic motor fuel; or

"(D) require such person to furnish or provide, at such person's own expense, any additional pumps, tanks, or other related facilities required for the sale of the gasohol or other synthetic motor fuel.

"(c) As used in this section, 'United States' includes the several States, the District of Columbia, any territory of the United States, and any insular possession or other place under the jurisdiction of the United States.".

● Mr. METZENBAUM. I express my appreciation to my House colleagues for acting so expeditiously on this important piece of legislation. I am sure I speak for all the cosponsors of this bill when I say that without the excellent cooperation of Mr. HUGHES, the bill's manager, Mr. RODINO, the chairman of the Judiciary Committee, and Mr. MCCLORY, the ranking minority member of the committee, among others, we would not be enacting this bill into law today.

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

Mr. METZENBAUM. I yield.

Mr. DOLE. I join my good friend from Ohio in his remarks and express my appreciation as well to our House colleagues.

I understand the House attached two amendments to our bill, is that correct?

Mr. METZENBAUM. Yes. First, the House clarified that only "unreasonable" discrimination against the marketing of gasohol was to be prohibited by this bill.

Second, the House exempted from the bill's prohibitions those oil companies that provide their franchisees with ample supplies of gasohol and other synthetic motor fuels, so long as the company does not attempt to avoid the prohibitions by supplying the gasohol or other synfuels on unreasonable terms and conditions.

Mr. DOLE. Is the second change in any way intended to legalize conduct by the oil companies which might otherwise be considered illegal today?

Mr. METZENBAUM. No. The amendment is not intended to permit oil companies to take actions in connection with the marketing of gasohol and other synfuels that would constitute violations of existing antitrust laws. Under the bill, as amended, if an oil company makes gasohol available to its franchisees on reasonable terms and conditions and in quantities adequate to meet those franchisees' needs, the company is exempt from the prohibitions of the bill. This means that the company could preclude its franchisees from selling anyone else's gasohol, unless the franchisees can demonstrate that the company's actions would otherwise be a violation of existing antitrust laws. Although there may be differences of opinion as to what constitutes illegal conduct under existing antitrust laws, my understanding is that the House amendment is not designed to affect that law one way or the other.

Mr. DOLE. In essence then, the amendment is designed to be completely neutral with respect to its effect on the legality or illegality of franchisors' conduct under existing law?

Mr. METZENBAUM. That is my understanding.●

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate concur in the amendments of the House.

The motion was agreed to.

CONVEYING OF LAND LOCATED IN COLORADO TO UTE MOUNTAIN UTE TRIBE

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. JACKSON I ask that the Chair lay before the Senate a message from the House on H.R. 8112 and that the bill be considered as having been read the first and second time, that the Senate proceed to its immediate consideration.

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

The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 8112) to require the Secretary of the Interior to convey a parcel of land located in Colorado and certain mineral interests to the Ute Mountain Ute Tribe and to pay an amount to such tribe for energy development.

There being no objection, the Senate proceeded to consider the bill.

● Mr. HART. Mr. President, passage of H.R. 8112 to compensate the Ute Mountain Ute Indian Tribe for an injustice caused by congressional error is an important step for the 96th Congress to take before adjournment. By giving the tribe some Federal land in Colorado and some money, we can rectify some of the unfair treatment this tribe has received.

The House of Representatives has already passed this bill, which Representative RAY KOGOVSEK introduced.

The purpose of this legislation is to correct an unintentional injustice brought upon the Ute Indian Tribe in 1895. As part of a treaty commitment, Congress gave the Utes land in New Mexico. Congress, however, had earlier given 15,000 acres of that land to the Navajo Tribe under a previous treaty. In 1972, a U.S. District Court ruled that this land—rich in oil, gas, and mineral wealth—belongs to the Navajos, not the Utes. The Utes, therefore, are without land Congress meant to give them to settle a treaty.

To compensate them for this loss, the bill would give the Utes 3,100 acres of Federal land, now managed by the Bureau of Land Management—substantially less than the 15,000 acres Congress originally "gave" the Utes.

The bill also would give the Utes $4 million to be paid over 3 years to replace the far greater amount in gas and mineral revenues they would have received from the New Mexico lands.

The total value, in land and money, the bill would give the Utes is far less than the value of the land Congress meant to give the Utes in 1895. The Utes, however, are willing to accept the smaller amount of land and money as full settlement for the injustice done by congressional error.

The granting of these lands to the Utes will not have any adverse impact on other users, as these lands are now being used solely by the tribe. In fact, BLM has identified these lands as suitable for transfer to the tribe. The Utes would pay taxes on this newly acquired land, just as they do for the land they now own.

Passage of this bill is the least Congress can do to make up for the serious injustice our century-old error has created.●

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 8112) was ordered to a third reading, was read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TRANSFER OF U.S.S. "INTREPID" TO INTREPID MUSEUM FOUNDATION, INCORPORATED

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. STENNIS I ask the Chair lay before the Senate a message from the House on H.R. 8329.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 8329) to allow the absolete aircraft carrier United States ship Intrepid to be transferred to the Intrepid Museum Foundation, Incorporated, before the expiration of the otherwise applicable sixty-day congressional review period.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to its immediate consideration.

There being no objection, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 8329) was ordered to a third reading, was read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER HOLDING H.R. 5888 AT THE DESK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that H.R. 5888, an act to amend title 5 of the United States Code to provide death benefits to survivors of Federal law enforcement officers and firefighters, and for other purposes, be held at the desk pending further consideration.

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

UNIFYING RULES FOR PREVENTING COLLISIONS ON THE INLAND WATERS OF THE UNITED STATES

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. CANNON I ask that the Chair lay before the Senate a message from the House on H.R. 6671.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 6671) to unify the rules for preventing collisions on the inland waters of the United States, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. CANNON I move that the Senate insist upon its amendment and request a conference with the House on the disagreeing votes of the two Houses and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mr. BOREN) appointed Mr. CANNON, Mr. EXON, and Mr. DANFORTH conferees on the part of the Senate.

OFFICE OF PERSONNEL MANAGEMENT DISABILITY DETERMINATIONS

Mr. STEVENS. Mr. President, on Friday the Senate passed H.R. 2510, a bill to permit court review of cases involving employees who are involuntarily separated from the civil service for reasons of disability. A vital part of civil service reform was the review process for official actions taken against Federal employees. Such actions were reviewable before the Merit Systems Protection Board and, thereafter, before a court of appeals. Involuntary disability retirement determinations, however, through an oversight, escaped all impartial review. Such determinations by the Office of Personnel Management are final.

H.R. 2510, as passed by the House, required de novo hearings by the Merit Board and then by a Federal District Court for involuntary retirements based on a suspected mental health disability. The only other actions receiving the status of a district court hearing are discrimination cases pursuant to the Civil Rights Act. All other adverse actions in the civil service, no matter how grievous, are reviewable by the Merit Board and then by a court of appeals. Such review is sufficient impartiality to protect the rights of the Federal employees. Hence, the Governmental Affairs Committee amended the bill to authorize an appeal to the court of appeals from the Merit Board's decision rather than a de novo hearing in the district courts.

In addition, I understand the Office of Personnel Management just issued regulations that will insure an employee who is suspected of a mental disability have the widest possible latitude in choosing which doctors he or she may go to for an examination. Such a choice will protect the employee from so-called "management" doctors.

LAND-GRANT COLLEGES AND UNIVERSITIES HONOR SENATOR MILTON R. YOUNG

Mr. STEVENS. Mr. President, the division of Agriculture of the National Association of State Universities and Land-Grant Colleges recognized two retiring Republican Senators at a recognition dinner during their annual meeting at Atlanta, Ga., this week.

The National Association of State Universities and Land-Grant Colleges recognized Senator MILTON R. YOUNG for his long service and dedication to American agriculture. This is the first time the National Association of State Universities and Land-Grant Colleges has given such recognition.

Senator YOUNG was presented with a plaque which reads:

The Division of Agriculture of the National Association of State Universities and Land-Grant Colleges is proud to honor Senator Milton R. Young, A Son of the Soil of North Dakota for his long service and dedication to American agriculture. Senator Young served on the Senate Agriculture Committee for 35 years and 10 months, longer than any other member. His agricultural heritage, understanding of rural America, and his personal integrity have influenced and helped shape every U.S. agricultural program since the mid-1940's. His concern for family farmers is manifested in our farm commodity programs. His faith and confidence in rural America is exhibited in the rural electric and telephone programs. His love of the land is evident in his work on soil and water conservation. His hopes for the future are embodied in his long and unwavering support of agricultural research, extension and education.

Senator Young has served agriculture, America and the people of the world faithfully and well. November 17, 1980.

Senator HENRY BELLMON was the main speaker for the banquet and was also recognized for his longstanding interest in and support for agriculture research activities designed to enhance the production and well being of rural America and the entire Nation.

The contributions of both these men will long be remembered and I consider it my privilege and honor to have served with them.

MESSAGES FROM THE HOUSE

At 11:53 a.m., a message from the House, delivered by Mr. Berry, one of its reading clerks announced that the House has agreed to the amendments of the Senate to the bill (H.R. 4084) to provide for a cooperative agreement between the Secretary of the Interior and the State of California to improve and manage the Suisun Marsh in California.

The message also announced that the House has passed the bill (S. 43) to promote safety and health in skiing and other outdoor winter recreational activities, with an amendment, in which it requests the concurrence of the Senate.

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

H.R. 3559. An act to amend the act of May 27, 1930, to expand the emergency authority of the Secretary of Agriculture regarding persons who are lost, seriously ill, injured, or who die within the National Forest System, and for other purposes;

H.R. 4968. An act to amend the Internal Revenue Code of 1954 to provide that in certain cases the net operating loss carryover period for a taxpayer who ceases to be real estate investment trust shall be the same as the net operating loss carryover period for a taxpayer who continues to be real estate investment trust; and

H.R. 5888. An act to amend title 5 of the United States to provide death benefits to survivors of Federal law enforcement officers and firefighters, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolutions, in which it requests the concurrence of the Senate:

H. Con. Res. 376. Concurrent resolution relative to Japan-United States trade; and

H. Con. Res. 448. Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal years 1981, 1982, and 1983.

ENROLLED BILL SIGNED

The message further announced that the Speaker has signed the following enrolled bill:

S. 2357. An act to eliminate the amount in controversary requirement for Federal question jurisdiction.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. STEWART).

At 4:10 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks announced that the House insists upon its amendments to the bill (S. 2441) to amend the Juvenile Justice and Delinquency Prevention Act of 1974, and for other purposes; asks a conference with the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. PERKINS, Mr. ANDREWS of North Carolina, Mr. CORRADA, Mr. KILDEE, Mr. STACK, Mr. WILLIAMS of Montana, Mr. ASHBROOK, Mr. COLEMAN, and Mr. GOODLING as managers of the conference on the part of the House.

The message also announced that the House has passed the following bills, each with an amendment, in which it requests the concurrence of the Senate:

S. 1179. An act to incorporate the Gold Star Wives of America;

S. 1578. An act for the relief of Dr. Halla Brown; and

S. 2251. An act to amend the Clayton Act to prohibit restrictions on the use of credit instruments in the purchase of gasohol.

The message further announced that the House has passed the following bills, each with amendments, in which it requests the concurrence of the Senate:

S. 1135. An act to add certain lands to the Moapa Indian Reservation and for other purposes;

S. 1386. An act to amend and extend the National Foundation on the Arts and Humanities Act of 1965, and for other purposes; and

S. 1972. An act to authorize the Secretary of the Interior to reimburse certain purchasers of subleases from the Sangre de Cristo Development Corporation.

The message also announced that the House agrees to the amendments of the Senate numbered 1 through 69 to the bill (H.R. 6671) to unify the rules for preventing collisions on the inland waters of the United States, and for other purposes; and that the House disagrees to the amendment of the Senate numbered 70 to the bill.

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

H.R. 999. An act to amend the Plant Variety Protection Act (7 U.S.C. 2321 et seq.) to clarify its provisions, and for other purposes;

H.R. 5108. An act to provide for the removal of the names of certain Alaska Natives from the Alaska Native Roll and to allow their enrollment with the Metlakatla Indian Community;

H.R. 6750. An act to suspend until July 1, 1983, the column 1 rate of duty on textile fabrics used in the manufacture of hovercraft skirts;

H.R. 6933. An act to amend the patent and trademark laws;

H.R. 7147. An act to provide that certain land of the United States shall be held by the United States in trust for certain communities of the Mdewakanton Sioux in Minnesota;

H.R. 7660. An act to extend duty-free treatment to certain freight containers;

H.R. 7709. An act to amend the Tariff Schedules of the United States to increase the quantity of cigarettes that may be accorded duty-free treatment if acquired in the insular possessions and entered by returning United States residents;

H.R. 7802. An act to amend the Tariff Schedules of the United States with respect to the rates of duty on ephedrine, racephedrine, and their salts;

H.R. 7893. An act to amend the Inspector General Act of 1978 to establish offices of inspector general in certain departments and agencies, and for other purposes;

H.R. 8112. An act to require the Secretary of the Interior to convey a parcel of land located in Colorado and certain mineral interests to the Ute Mountain Ute Tribe and to pay an amount to such tribe for energy development; and

H.R. 8173. An act to provide for distribution in the United States of certain International Communication Agency films relating to President Lyndon Baines Johnson.

The message also announced that the House agrees to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 301. A concurrent resolution expressing the sense of the Congress that there is a need to strengthen course offerings and requirements in foreign language studies and international studies in the Nation's schools, colleges, and universities.

HOUSE BILLS REFERRED

The following bills were read twice by their titles, and referred as indicated:

H.R. 999. An act to amend the Plant Variety Protection Act (7 U.S.C. 2321 et seq.) to clarify its provisions, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

H.R. 3559. An act to amend the Act of May 27, 1930, to expand the emergency authority of the Secretary of Agriculture regarding persons who are lost, seriously ill, injured, or who die within the National Forest System, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

H.R. 4966. An act to amend the Internal Revenue Code of 1954 to provide that in certain cases the net operating loss carryover period for a taxpayer who ceases to be real estate investment trust shall be the same as the net operating loss carryover period for a taxpayer who continues to be real estate investment trust; to the Committee on Finance.

H.R. 6750. An act to suspend until July 1, 1983, the column 1 rate of duty on textile fabrics used in the manufacture of hovercraft skirts; to the Committee on Finance.

H.R. 6933. An act to amend the patent and trademark laws; to the Committee on the Judiciary.

H.R. 7147. An act to provide that certain land of the United States shall be held by the United States in trust for certain communities of the Mdewakanton Sioux in Minnesota; to the Select Committee on Indian Affairs.

H.R. 7660. An act to extend duty-free treatment to certain freight containers; to the Committee on Finance.

H.R. 7709. An act to amend the Tariff Schedules of the United States to increase the quantity of cigarettes that may be accorded duty-free treatment if acquired in the insular possessions and entered by returning U.S. residents; to the Committee on Finance.

H.R. 7802. An act to amend the Tariff Schedules of the United States with respect to the rates of duty on ephedrine, racephedrine, and their salts; to the Committee on Finance.

H.R. 7893. An act to amend the Inspector General Act of 1978 to establish offices of inspector general in certain departments and agencies, and for other purposes; to the Committee on Governmental Affairs.

H.R. 8173. An act to provide for distribution in the United States of certain International Communication Agency films relating to President Lyndon Baines Johnson; to the Committee on Foreign Relations.

HOUSE BILLS HELD AT THE DESK

The following bills were held at the desk by unanimous consent:

H.R. 5108. An act to provide for the removal of the names of certain Alaska Natives from the Alaska Native Roll and to allow their enrollment with the Metlakatla Indian Community; and

H.R. 5888. An act to amend title 5 of the United States to provide death benefits to survivors of Federal law enforcement officers and firefighters, and for other purposes.

HOUSE CONCURRENT RESOLUTIONS REFERRED

The following concurrent resolutions were read, and referred as indicated:

H. Con. Res. 301. A concurrent resolution expressing the sense of the Congress that there is a need to strengthen course offerings and requirements in foreign language studies and international studies in the Nation's schools, colleges, and universities; to the Committee on Labor and Human Resources.

H. Con. Res. 376. A concurrent resolution relative to Japan-United States trade; and to the Committee on Finance.

PETITIONS AND MEMORIALS

The PRESIDING OFFICER laid before the Senate the following petitions; which were referred as indicated:

POM-881. A resolution adopted by the Second Joint Marianas Legislative Conference; to the Committee on Armed Services:

"RESOLUTION No. 2-16

"Whereas, citizens of the Commonwealth of the Northern Marianas are not currently eligible to serve in the Armed Forces of the United States; and

"Whereas, as part of the United States, citizens of the Commonwealth of the Northern Marianas have a duty and responsibility to serve and protect their country; and

"Whereas, legislation has been introduced in the United States Congress to extend this privilege to citizens of the Commonwealth of the Northern Marianas; and

"Whereas, granting the right to serve in the Armed Forces of the United States to citizens of the Commonwealth of the Northern Marianas would aid in the integration of the Commonwealth into the United States and allow the citizens of the Commonwealth a productive and meaningful role in service to the country; now, therefore, be it

"Resolved, That the Second Joint Marianas Legislative Conference supports all efforts to extend the right of service in the Armed Forces of the United States to citizens of the Commonwealth of the Northern Marianas; and be it further

"Resolved, That the Second Joint Marianas Legislative Conference hereby urges the Congress of the United States to take prompt action on legislation which would extend this right to citizens of the Northern Marianas; and be it further

Resolved, That the Conference Co-chairpersons certify and attest the adoption hereof and that copies of the same be transmitted to the President of the United States; to the President of the United States Senate; to the Speaker of the United States House of Representatives; to the Secretary of the United States Department of Defense; to the Governor of the Commonwealth of the Northern Marianas; and to the Governor of Guam."

POM-882. A resolution adopted by the Second Joint Marianas Legislative Conference; to the Committee on Commerce, Science, and Transportation:

"RESOLUTION No. 2-28

"Whereas, the Jones Act, and other Federal laws and regulations governing shipping have placed a severe hardship on the people of Guam by prohibiting foreign vessels from serving Guam's needs; and

"Whereas, the Federal restrictions which prohibit foreign vessels from serving Guam have created artificially high prices for all products which are brought to the Marianas by ships; and

"Whereas, these artificially high prices have had a restraining effect on local efforts at production by making it cost-prohibitive to import production-related agricultural goods such as seeds, fertilizers, animal feeds and other necessities for production; and

"Whereas, prices on these items and all products brought to Guam and transhipped to the Northern Marianas from Guam could be lowered if other shipping lines, both for-

eign and domestic, could begin serving Guam; and

"Whereas, the people of Guam and the Northern Marianas have repeatedly requested the United States Congress to examine and repeal those laws and regulations which have adverse effects upon our economies; and

"Whereas, these requests to the United States Congress have been repeatedly ignored; and

"Whereas, since the United States Congress continues its non-responsiveness to Guam's needs in terms of shipping, it seems only proper that Congress should take steps to make Guam and the Northern Marianas a more attractive destination for domestic shipping lines by offering subsidies to those shipping lines which might be willing to serve Guam and the Northern Marianas, particularly on those items used for production of goods; and

"Whereas, another method by which Congress could alleviate these shipping related problems in Guam and the Northern Marianas is to subsidize a Guam and Northern Marianas shipping line; now, therefore, be it

"Resolved, That the Second Joint Marianas Legislative Conference, on behalf of the people of Guam and the Northern Marinas, does hereby request once again that the Congress of the United States examine the laws and regulations which negatively affect shipping on Guam and the Northern Marianas; and be it further

"Resolved, That should Congress again fail to honor this request, the Second Joint Marianas Legislative Conference, on behalf of the people of Guam and the Northern Marianas, hereby requests the Congress of the United States to consider subsidies to those domestic shipping lines which serve Guam and the Northern Marianas in order to entice other shipping lines to this area, thus allowing the people of Guam and the Northern Marianas freedom of choice between shippers, and the benefit of competition in the free enterprise system; and be it further

"Resolved, That should Congress determine that these subsidies are not feasible, the Second Joint Marianas Legislative Conference, on behalf of the people of Guam and the Northern Marianas, requests the Congress of the United States to consider the establishment of a Guam and Northern Marianas shipping line to serve the people of Guam and the Northern Marianas' shipping needs and to alleviate the artificially constructed prices which are now forced upon the people of Guam and the Northern Marianas; and be it further

"Resolved, That the Conference Co-chairpersons certify and attest to the adoption hereof and that copies of the same be thereafter transmitted to the President of the United States; the President Pro Tempore of the United States Senate; the Speaker of the United States House of Representatives."

POM-883. A resolution adopted by the Second Joint Marianas Legislative Conference; to the Committee on Energy and Natural Resources:

"RESOLUTION NO. 2-10

"Whereas, at the present time, there is legislation pending in the Northern Marianas Commonwealth Legislature which would establish a community college for the people of the Commonwealth of the Northern Mariana Islands; and

"Whereas, the establishment of such a community college would be most beneficial to the residents of the Commonwealth of the Northern Mariana Islands as it would reduce dependence on foreign labor and provide training programs to persons who are unable to attend educational facilities off-island; and

"Whereas, it is the sincere hope and desire of the people of the Commonwealth of the Northern Mariana Islands that the Board of Trustees of the Guam Community College and the Board of Regents of the University of Guam would provide technical and administrative assistance in order to facilitate the establishment of a community college in the Commonwealth of the Northern Mariana Islands; now, therefore, be it

"Resolved, That the Second Joint Marianas Legislative Conference hereby requests that the Northern Marianas Commonwealth Legislature act favorably on pending legislation to establish a community college in the Commonwealth of the Northern Mariana Islands; and be it further

"Resolved, That the Conference Co-chairmen certify to and attest the adoption hereof and that copies of the same be transmitted to the Speaker of the House of Representative and the President of the Senate, Second Northern Marianas Commonwealth Legislature; to the Board of Trustees of the Guam Community College; and to the Board of Regents of the University of Guam."

POM-884. A resolution adopted by the Second Joint Marianas Legislative Conference; to the Committee on Energy and Natural Resources:

"RESOLUTION NO. 2-17

"Whereas, many Federal laws which are applied to Guam and the Northern Marianas create a restrictive effect on the development of their economies; and

"Whereas, these constraints are a result of the lack of study on the impact of Federal laws which are arbitrarily applied to Guam and the Northern Marianas, and a lack of sensitivity to local conditions; and

"Whereas, the Commonwealth of the Northern Marianas has been granted by the United States Congress a Law Review Committee to examine all laws and programs which apply to the Northern Marianas; and

"Whereas, Guam has not been granted a similar committee to address the negative impact of some Federal laws and programs on Guam's development; and

"Whereas, among the Federal constraints on Guam's development which could be addressed by this Committee are the inclusion of Guam in the provisions of the Jones Act which effectively prohibits Guam from establishing a viable fishing industry and exclusion from the benefits of the Supplemental Security Income Program; and

"Whereas, legislation currently under consideration in the United States Congress would establish a Guam Law Review Committee for the purpose of examining those Federal laws which impact negatively upon Guam; now, therefore, be it

"Resolved, That the Second Joint Marianas Legislative Conference hereby supports the establishment of a Guam Law Review Committee and urges the Congress of the United States to take prompt action to establish this Committee; and be it further

"Resolved, That the Second Joint Marianas Legislative Conference urges the Congress of the United States to establish a Guam Law Review Committee which would have a majority of its members selected from Guam; and be it further

"Resolved, That the Second Joint Marianas Legislative Conference urges the Congress of the United States to grant the Governments of Guam and the Northern Marianas discretionary powers to decide the applicability of certain Federal laws and programs; and be it further

"Resolved, That the Conference Co-chairpersons certify and attest the adoption hereof and that copies of the same be transmitted to the President of the United States; to the President of the United States Senate; to the Speaker of the United States House of Representatives; to the Governor of Guam; to the Fifteenth Guam Legislature; to the Second Northern Marianas Commonwealth Legislature; and to the Governor of the Commonwealth of the Northern Marianas."

POM-885. A resolution adopted by the Second Joint Marianas Legislative Conference; to the Committee on Energy and Natural Resources:

"RESOLUTION NO. 2-22

"Whereas, there exist similar problems in the Territory of Guam and the Commonwealth of the Northern Mariana Islands regarding juvenile delinquency, drug and alcohol abuse, high school dropouts, and youth activities; and

"Whereas, the Commonwealth of the Northern Mariana Islands has no juvenile detention facilities nor adequate rehabilitation programs for juvenile delinquents nor a central governmental entity to deal with these programs and other youth activities; and

"Whereas, the joint cooperation and assistance of the law enforcement agencies of the Territory of Guam and the Commonwealth of the Northern Mariana Islands is required to remedy the problems encountered in the areas of juvenile delinquency and drug and alcohol abuse; now, therefore, be it

"Resolved, That the Government of the Commonwealth of the Northern Mariana Islands is hereby requested to amend its organizational structure to provide a department or central agency similar to the Guam Department of Youth Affairs for the purpose of providing a comprehensive approach to youth needs and problems, and to plan, coordinate and implement programs and services to that effect; and be it further

"Resolved, That the Government of Guam and the Government of the Commonwealth of the Northern Mariana Islands are hereby requested to enter into an agreement allowing the Commonwealth access to the juvenile detention facilities and rehabilitation programs on Guam and providing for the reimbursement of costs of the Government of Guam; and be it further

"Resolved, That the co-chairpersons certify and attest to the adoption hereof and that copies of the same be thereafter transmitted to the President of the Senate and the Speaker of the House of Representatives of the United States Congress; to the Governor of Guam; to the Governor of the Commonwealth of the Northern Mariana Islands; to the President of the Senate and the Speaker of the House of Representatives of the Second Northern Marianas Commonwealth Legislature; and to the Speaker of the Fifteenth Guam Legislature."

POM-886. A resolution adopted by the Second Joint Marianas Legislative Conference; to the Committee on Energy and Natural Resources:

"RESOLUTION NO 2-24

"Whereas, the Fifteenth Guam Legislature and the Governor of Guam recently enacted a law establishing a two hundred mile economic zone surrounding Guam; and

"Whereas, the Legislature of the Northern Marianas Commonwealth is now considering the enactment of similar legislation; and

"Whereas, the two governments of the Mariana Islands have asserted their rights to control the ocean resources surrounding their islands; and

"Whereas, a recent session of the United Nations Conference on the Law of the Sea did prepare a revised Informal Composite Negotiating Text (ICNT) which includes a provision that less than sovereign territories have the same rights as sovereign states in

their adjacent sea and its resources, including the right to establish an exclusive economic zone; and

"Whereas, the United States' concurrence with this ICNT proposal is important to the economic developments and cultural integrity of the Mariana Islands; and

"Whereas, the interest of the Marianas can be best protected by the inclusion of representatives from the Commonwealth of the Northern Marianas and the Territory of Guam in the deliberations of the United Nations Conference on the Law of the Sea; now, therefore, be it

"Resolved, That the Second Joint Marianas Legislative Conference reaffirms the right of the people of the Mariana Islands to the exclusive control of the living and nonliving resources of the sea surrounding their respective jurisdictions; and be it further

"Resolved, That the Second Joint Marianas Legislative Conference hereby requests the President of the United States to include representatives from the Commonwealth of the Northern Mariana Islands and the Territory of Guam on the official United States delegation to the United Nations Conference on the Law of the Sea, or arrange for direct representation or official observing status; and be it further

"Resolved, That the Second Joint Marianas Legislative Conference requests that the President direct the United States delegation to the United Nations Conference on the Law of the Sea to concur in the ICNT provision regarding the rights of territories in the adjacent sea and its resources and that the United States moves to bring such conference to a prompt and successful conclusion; and be it further

"Resolved, That the Conference Co-chairpersons certify and attest to the adoption hereof and that copies of the same be thereafter transmitted to the President of the United States; to the Speaker of the United States House of Representatives; to the President Pro Tempore of the United States Senate; to the Secretary General of the United Nations; to the Speaker of the House of Representatives and the President of the Senate of the Northern Marianas Commonwealth Legislature; to the Speaker of the Fifteenth Guam Legislature; to the Governor of Guam; and to the Governor of the Commonwealth of the Northern Mariana Islands."

POM-887. A resolution adopted by the Second Joint Marianas Legislative Conference; to the Committee on Energy and Natural Resources:

"RESOLUTION No. 2-18

"Whereas, in many instances, financial and technical assistance is available from nations other than the United States by membership in international organizations; and

"Whereas, due to restrictions by the United States Government, Guam and the Northern Marianas are not eligible to receive this assistance; and

"Whereas, such assistance is invaluable, particularly in those areas which the United States does not have the resources or desire to assist Guam and the Northern Marianas; and

"Whereas, while some international organizations have goals and objectives contrary to those of the United States, many do not, and it is these organizations that could be of great assistance to Guam and the Northern Marianas; now, therefore, be it

"Resolved, That the Second Joint Marianas Legislative Conference does hereby request the Congress of the United States to allow Guam and the Northern Marianas to participate in those organizations which offer technical and financial assistance to member countries; and be it further

"Resolved, That the Second Joint Marianas Legislative Conference hereby requests the Secretary General of the United Nations to inform the Government of Guam and the Northern Marianas of any organizations which offer assistance to developing territories; and be it further

"Resolved, That the Conference Co-chairpersons certify and attest the adoption hereof, and that copies of the same be transmitted to the President of the United States, the Congress of the United States, the Secretary General of the United States, to the Fifteenth Guam Legislature, the Second Northern Marianas Commonwealth Legislature, the Governor of Guam, and the Governor of the Commonwealth of the Northern Marianas."

POM-888. A resolution adopted by the Second Joint Marianas Legislative Conference; to the Committee on Environment and Public Works:

"RESOLUTION No. 2-15

"Whereas, despite the protests of both the Northern Marianas Legislature and the Guam Legislature, the United States and other nations continue efforts to introduce nuclear material into the Pacific; and

"Whereas, this is evidenced by the presence of a research ship sent by the Federal Department of Energy to Guam last week, whose stated mission is to locate areas between Japan and the Northern Mariana Islands for the purpose of burying nuclear waste; and

"Whereas, France is currently engaged in nuclear testing in the Pacific; and

"Whereas, the threat of radioactive materials is real and extremely dangerous to people living in the Pacific; and

"Whereas, the people of the Bikini Islands have been banned from their homeland because of unsafe levels of radioactivity present on the islands from the detonation of a hydrogen bomb more than thirty years ago; and

"Whereas, the United States and other nations must identify alternate locations for nuclear testing and for use as storage facility for spent nuclear fuel as far from populated areas as possible; and

"Whereas, the United States and other nations must formulate alternative uses for spent nuclear fuel; and

"Whereas, several states of the United States, and many nations throughout the world have the technology and ability to recycle spent nucolar fuel into a feasible form of energy to supplement the declining supply of nonrenewable eneregy sources; now, therefore, be it

"Resolved, That the Pacific Islands should not be considered further by the United States or any other nation to serve as a testing or dumping ground for dangerous radioactive materials which may have devastating and disastrous effects on the many people who live in the Pacific; and be it further

"Resolved, That the Conference Co-chairpersons certify and attest to the adoption hereof, and that copies of the same be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the Secretary of the United States Department of Energy, the Chairman of the United States Nuclear Regulatory Commission, the Secretary General of the United Nations, the Governor of the Commonwealth of the Northern Marianas, and the Governor of Guam."

POM-889. A resolution adopted by the Second Joint Marianas Legislative Conference; to the Committee on Foreign Relations:

"RESOLUTION No. 2-20

"Whereas, the Government of the United States often enters into international agreements with other nations without regard for its impact upon Guam and the Northern Marianas; and

"Whereas, these agreements often disrupt local efforts at achieving desired goals and objectives; and

"Whereas, these agreements are often entered by the United States without consultation with the Governments of Guam and the Northern Marianas, thereby adversely affecting local development strategies; and

"Whereas, although recognizing the need for the United States to stand united in its agreements with other nations, agreements affecting Guam and the Northern Marianas should be discussed fully by all parties concerned prior to any agreement; now, therefore, be it

"Resolved, That the Second Joint Marianas Legislative Conference hereby urges the President of the United States and the Congress of the United States to determine the impact of international agreements on Guam and the Northern Marianas prior to any agreement being entered; and be it further

"Resolved, That Guam and the Northern Marianas be excluded from agreements determinated to have adverse effects upon the development of local endeavors; and be it further

"Resolved, That the Conference Co-chairpersons certify and attest to the adoption hereof and that copies of the same be transmitted to the President of the United States; to the President of the United States Senate; to the Speaker of the United States House of Representatives; to the Fifteenth Guam Legislature; to the Second Northern Marianas Commonwealth Legislature; to the Governor of Guam; and to the Governor of the Commonwealth of the Northern Marianas."

POM-890. A resolution adopted by the Second Joint Marianas Legislative Conference; to the Committee on the Judiciary:

"RESOLUTION No. 2-3

"Whereas, the consensus of the Second Joint Marianas Legislative Conference is to pursue a promotion of the tourism industry for our respective governments; and

"Whereas, the Japanese tourists comprise a major part of the tourist industry in Guam and the Northern Mariana Islands; and

"Whereas, it would be most beneficial to our respective tourist industries to eliminate the visa requirement for certain tourists; and

"Whereas, a bill introduced in the U.S. House of Representatives known as House Bill No. 848 would eliminate the requirement of visas to enter Guam by Japanese tourists who will not be in Guam for more than fifteen (15) days; now, therefore, be it

"Resolved, That the Second Joint Marianas Legislative Conference does hereby endorse and support the U.S. House of Representatives Bill No. 848; and be it further

Resolved, That the Conference Co-chairmen certify and attest the adoption thereof, and that certified copies of the same be thereafter transmitted to the Speaker of the United States House of Representatives; to the President Pro Tempore of the United States Senate; to the Governor of Guam; to the Governor of the Northern Mariana Islands; to the Guam delegation to Washington, D.C.; and to the Northern Marianas Representative to Washington, D.C.

POM-891. A resolution adopted by the Second Joint Marianas Legislative Council; to the Committee on the Judiciary:

"RESOLUTION No. 2-23

"Whereas, the federal Law Enforcement Assistance Administration program relating to the Juvenile Justice and Delinquency Prevention Act provides useful benefits to assist in solving juvenile delinquency problems, and these programs are not included in the federal budget now under consideration by the Congress of the United States of America; now, therefore, be it

"Resolved, That the United States Congress is hereby requested to reauthorize and appropriate adequate funds to the federal Law Enforcement Assistance Administration for its program in Guam and the Northern Mari-

ana Islands under the Juvenile Justice and Delinquency Prevention Act; and be it further

"*Resolved*, That the Conference Co-chairpersons certify and attest to the adoption hereof and that copies of the same be thereafter transmitted to the President of the Senate, and the Speaker of the House of Representatives of the United States Congress."

POM-892. A resolution adopted by the Second Joint Marianas Legislative Conference; to the Committee on Labor and Human Resources:

"RESOLUTION No. 2-13

"Whereas, the Health Incentive Grants authorized under Section 314(d) of the federal Public Health Services Act provide substantial funds to assist the Territory of Guam and the Commonwealth of the Northern Mariana Islands to begin and continue much needed public health programs; and

"Whereas, the federal budget for fiscal year 1981 eliminates funds for such Health Incentive Grants; and

"Whereas, the elimination or drastic curtailment of these grants will have a serious adverse effect upon such public health preventive programs as immunization, hypertension, venereal disease control, intestinal parasites, alcohol and drug abuse, environmental health, school health, dental health, community nutrition services and staff training; now, therefore, be it

"*Resolved*, That the Congress of the United States of America is hereby requested to reinstate the Health Incentive Grants authorized by Section 314(d) of the federal Public Health Services Act as it relates to the Commonwealth of the Northern Mariana Islands and the Territory of Guam; and be it further

"*Resolved*, That the Co-chairpersons certify and attest to the adoption hereof and that copies of the same be thereafter transmitted to the President of the Senate and the Speaker of the House of Representatives of the United States of America."

POM-893. A concurrent resolution of the Legislature of the State of Michigan; to the Committee on the Judiciary:

"HOUSE CONCURRENT RESOLUTION No. 918

"Whereas, On November 4, 1979, the American Embassy in Tehran, Iran, was invaded by Iranian militant students, and American citizens were captured and held as hostages. This calamitous event has caused an international outcry against the government of Iran, which condoned and supported this terrible violation of international law on American soil. The people of the world, and particularly our own citizenry, have been shocked and outraged by this situation which now has gone on for more than ten months; and

"Whereas, In light of this fact, it behooves us in Michigan to encourage the planning of a national celebration once the hostages are released. Such a celebration would unite individuals and groups of people from all over America in joyous commemoration of the hostages' release and would honor the hostages, and their long-suffering families. To hallow this special day, flags would fly in every part of our land, in places both public and private, and people would gather everywhere to hold special commemorative events in solemn remembrance of the hostages' ordeal and in glad rejoicing for their release. It is highly appropriate that such a day of celebration be proclaimed as soon as the hostages are released. We urge the Congress and those who represent all of us in Congress to plan now to set a date for a day of celebration as soon as this release is realized; now, therefore, be it

"*Resolved by the House of Representative (the Senate concurring)*, That the Michigan Legislature memorialize the Congress of the United States to proclaim a day of celebration when the American hostages in Iran are released; and be it further

"*Resolved*, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and to each member of the Michigan Delegation to the Congress of the United States."

POM-894. A concurrent resolution of the Legislature of the State of Pennsylvania; to the Committee on Veterans' Affairs.

"RESOLUTION

"Whereas, during the period between 1961 and 1971, the United States Armed Forces sprayed the battlefields of South Vietnam with more than 44,000,000 pounds of "Agent Orange," a highly toxic defoliant containing equal parts of the herbicides 2, 4-D and 2, 4, 5-T; and

"Whereas, the chemical dioxin which is contained in 2, 4, 5-T, has been found to cause birth defects, internal disorders, miscarriages and stillbirths in laboratory animals; and

"Whereas, in studies conducted by the National Academy of Sciences in 1974 and in a monograph of the World Health Organization which cites corroborative studies, the Montagnard tribes exposed to areas sprayed with "Agent Orange" reported similar symptoms, including child deaths, fever, abdominal pains, skin rashes and vomiting; and

"Whereas, increasingly, Veterans of the United States Armed Forces who served in areas of Vietnam sprayed with "Agent Orange" during this era are reporting malformations of their babies, infant deaths, internal disorders among their children and psychoneurological disorders in themselves; and

"Whereas, in the past six months alone, a Vietnam veterans group called Citizen Soldier, associated with Friends of the Earth, has gathered 1,400 medical statements from exposed veterans around the country attesting to such traumatic and tragic experiences; and

"Whereas, it is the sense of the General Assembly of Pennsylvania that the Vietnam Veterans of the United States have been subjected to unique and unusual hardships, many of which are long-term or permanent, and are entitled to the concerted efforts of the governmental agencies to come to their aid in this urgent matter; therefore be it

"*Resolved (the House of Representatives concurring)*, That the General Assembly of the Commonwealth of Pennsylvania memorialize the President of the United States and the Congress of the United States to conduct a study independent of the Veterans Administration to locate, treat and rehabilitate any veteran of the Vietnam Conflict who was contaminated by the defoliant "Agent Orange"; and be it further

"*Resolved*, That copies of this resolution be transmitted to the Honorable Jimmy Carter, President of the United States, to the President pro tempore of the Senate of the United States, to the Speaker of the House of Representatives of the United States, and to each member of the Congress of the United States from the State of Pennsylvania."

POM-895. A petition from M. Pearle Runk, a citizen of Ohio, favoring the strengthening of American security by developing certain weapons systems; to the Committee on Armed Services.

POM-896. A resolution adopted by the Western Conference of the Council of State Governments favoring legislation clarifying and liberalizing laws applicable to export trading companies; to the Committee on Banking, Housing, and Urban Affairs.

POM-897. A resolution adopted by the Western Conference of the Council of State Governments favoring legislation establishing federal acreage limitations on agricultural projects; to the Committee on Energy and Natural Resources.

POM-898. A resolution adopted by the Western Conference of the Council of State Governments favoring the amendments to the 1902 Reclamation Act; to the Committee on Energy and Natural Resources.

POM-899. A resolution adopted by the Western Conference of the Council of State Governments favoring state primacy in controlling and regulating surface mining within state boundaries; to the Committee on Energy and Natural Resources.

POM-900. A resolution adopted by the Western Conference of the Council of State Governments favoring the enactment of pending legislation establishing a Pacific Northwest Power Policy; to the Committee on Energy and Natural Resources.

POM-901. A resolution adopted by the Western Conference of the Council of State Governments encouraging the mining of oil shale by the open-pit method where appropriate; to the Committee on Energy and Natural Resources.

POM-902. A resolution adopted by the Western Conference of the Council of State Governments favoring State involvement with the Energy Mobilization Board; to the Committe on Energy and Natural Resources.

POM-903. A resolution adopted by the Western Conference of the Council of State Governments expressing their views on energy supply and usage; to the Committee on Energy and Natural Resources.

POM-904. A resolution adopted by the Western Conference of the Council of State Governments favoring a coordinated plan for the development of renewable energy resources on public lands; to the Committee on Energy and Natural Resources.

POM-905. A resolution adopted by the Western Conference of the Council of State Governments regarding regulations under the Clean Air Act Amendments of 1977; to the Committee on Energy and Natural Resources.

POM-906. A resolution adopted by the Western Conference of the Council of State Governments favoring legislation providing for a waiver of federal sovereign immunity for ten years in the matter of public lands control; to the Committee on Energy and Natural Resources.

POM-907. A resolution adopted by the Western Conference of the Council of State Governments favoring a congressional study of the economic impact of federal laws and regulations on public lands; to the Committee on Energy and Natural Resources.

POM-908. A resolution adopted by the Western Conference of the Council of State Governments regarding the completion of in-lieu land selections; to the Committee on Energy and Natural Resources.

POM-909. A resolution adopted by the Western Conference of the Council of State Governments regarding grazing on public rangelands; to the Committee on Energy and Natural Resources.

POM-910. A resolution adopted by the Western Conference of the Council of State Governments regarding the management of water resources by the States within their boundaries; to the Committee on Environment and Public Works.

POM-911. A resolution adopted by the Western Conference of the Council of State Governments regarding changes to the National Clean Air Act and Environmental Protection Agency regulations and policies; to the Committee on Environment and Public Works.

POM-912. A resolution adopted by the Western Conference of the Council of State Governments regarding the Haulapai Hydroelectric Project; to the Committee on Environment and Public Works.

POM-913. A resolution adopted by the Western Conference of the Council of State Governments favoring expansion of trade supplementary agreements for regional solutions to problems of low-level hazardous

waste; to the Committee on Environment and Public Works.

POM-914. A resolution adopted by the Western Conference of the Council of State Governments favoring expansion of trade with the Republic of China; to the Committee on Finance.

POM-915. A resolution adopted by the Western Conference of the Council of State Governments urging the rejection of any attempt to limit a state's authority to levy resource severence taxes; to the Committee on Governmental Affairs.

POM-916. A resolution adopted by the Western Conference of the Council of State Governments favoring legislation giving the states greater freedom of activity when receiving federal grants; to the Committee on Governmental Affairs.

POM-917. A resolution adopted by the Western Conference of the Council of State Governments favoring legislation to require that each bill or resolution reported in the U.S. Congress carry a cost estimate for implementation to each state and local government involved; to the Committee on Governmental Affairs.

POM-918. A resolution adopted by the Western Conference of the Council of State Governments favoring legislation to give states more authority for challenging federal resolutions; to the Committee on the Judiciary.

POM-919. A resolution adopted by the Stearns County Board of Commissioners, Stearns County, Minnesota, favoring extension of the general revenue sharing program; to the Committee on Finance.

POM-920. A petition of the National Association for the Advancement of Colored People, Pueblo, Colorado Branch favoring the extension of the general revenue sharing program; to the Committee on Finance.

POM-921. A resolution adopted by the Dutchess County Legislature, Dutchess County, New York, urging the rejection of a proposed amendment to the Legal Services Corporation Act so as to delete awarded attorney fees from the local corporation's budget; to the Committee on Labor and Human Resources.

POM-922. A resolution adopted by the Legislature of Erie County, New York, favoring action to continue grants for alcoholism services; to the Committee on Labor and Human Resources.

POM-923. A resolution adopted by the Smith County Commissioners Court, Smith County, Texas, favoring the continuation of the general revenue sharing program; to the Committee on Finance.

POM-924. A petition from the Union County Prosecutor's Office, Union County, New Jersey, transmitting, a presentment concerning the Coalition for United Elizabeth and Concern, Incorporated; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. STENNIS, from the Committee on Appropriations, with amendments:

H.R. 8105. An Act making appropriations for the Department of Defense for the fiscal year ending September 30, 1981, and for other purposes (Rept. No. 96-1020).

By Mr. JACKSON, from the Committee on Energy and Natural Resources, without amendment:

H.R. 5769. An Act to reinstate and validate United States oil and gas leases numbered OCS-P-0218 and OCS-P-0226 (together with additional views) (Rept. No. 96-1021).

H.R. 6256. An Act providing for reinstatement and validation of United States oil and gas leases numbered C-9496, C-9711, C-11600, C-1621, C-11622, C-11630, C-11631, C-11597, C-11599, C-13774, C-14197, C-17049, C-18262, C-26048, C-13532, C-11581, C-11585, C-11590, C-11591, and C-11595 (Rept. No. 96-1022).

H.R. 7941. An Act to amend section 21 of the Act of February 25, 1920, commonly known as the Mineral Leasing Act (Rept. No. 96-1023).

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. BENTSEN:

S. 3213. A bill to amend the Internal Revenue Code of 1954 to repeal the 30 percent withholding tax on interest received by foreigners on certain portfolio investments; to the Committee on Finance.

By Mr. CRANSTON:

S. 3214. A bill for the relief of Maria Lourdes Bicasan; to the Committee on the Judiciary.

By Mr. BURDICK:

S. 3215. A bill for the relief of Juan Esteban Ramirez; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BENTSEN:

S. 3213. A bill to amend the Internal Revenue Code of 1954 to repeal the 30-percent withholding tax on interest received by foreigners on certain portfolio investments; to the Committee on Finance.

REPEAL OF WITHHOLDING TAX ON CERTAIN INTEREST RECEIVED BY FOREIGNERS

● Mr. BENTSEN. Mr. President, last year the Senate Finance Committee unanimously approved an amendment to repeal the 30-percent withholding tax on interest paid to foreign investors on portfolio indebtedness. This provision was recommended to the Senate Finance Committee by Secretary of the Treasury Miller. This change was incorporated in the Synthetic Rutile bill, H.R. 2297.

Since that time several drafting modifications to the legislation have been suggested by the Treasury Department and the business community. I am today introducing a new bill which incorporates these drafting modifications.

Mr. President, prompt enactment of this legislation is needed for several reasons:

First, the Secretary of the Treasury states that U.S. Treasury's access to foreign investors, which is critical to protecting the value of the dollar, is complicated by the interest withholding tax.

Second, repeal of the withholding tax will contribute to the ability of U.S. business to raise capital from foreign investors in foreign markets without the risk of foreign control of U.S. businesses or assets. It will result in an additional source of capital for the investments needed to boost our lagging rate of productivity.

Third, the present tax is an undesirable protective tariff which hampers the inflow of badly needed investment capital without raising significant revenue.

Fourth, some companies are presently able to avoid the tax legally and to raise foreign capital by creation of offshore finance subsidiaries such as Netherlands Antilles corporations. We should allow all U.S. companies, as well as the U.S. Government and its agencies, to borrow funds directly on an equally favorable basis.

Fifth, repeal of the tax would be of particular benefit to the U.S. housing industry which is in need of additional sources of capital.

Sixth, the legislation as currently proposed contains ample safeguards against the evasion of tax by Americans.

Mr. President, I urge the Senate to approve this legislation.●

SENATE CONCURRENT RESOLUTION 135—SUBMISSION OF A CONCURRENT RESOLUTION WITH REGARD TO THE NUMBER OF DIGITS USED IN ZIP CODES AND OTHER MAIL DELIVERY SYSTEMS

Mr. JEPSEN (for himself, Mr. BAUCUS, Mr. BOREN, Mr. BURDICK, Mr. HEFLIN, and Mr. MELCHER) submitted the following concurrent resolution; which was referred to the Committee on Governmental Affairs:

S. CON. RES. 135

Whereas the United States Postal Service has not answered fully the many questions concerning its plan to expand the ZIP code to nine digits, nor fully resolved the technical issues involved;

Whereas the United States Postal Service proposes to pay approximately $1,000,000,000 for new, automated, mail-sorting equipment and for related changes required to expand the ZIP code;

Whereas the United States Postal Service has chosen not to examine the cost to businesses, nonprofit organizations, and institutions as well as to all levels of government to convert their mailing lists and make other changes necessary to implement the nine-digit code numbers;

Whereas the cost to these organizations to convert to the nine digits may equal the $1,000,000,000 that the United States Postal Service will pay;

Whereas the United States Postal Service could achieve significant productivity gains simply by employing new automated equipment to sort mail carrying the current five-digit ZIP codes

Whereas the United States Postal Service has not studied alternatives, such as providing incentives to business mailers to imprint special bar-coding on billing and reply mail;

Whereas, according to the United States Postal Service, use of the expanded ZIP codes will not speed the delivery of mail; and

Whereas there is widespread public disenchantment with the plan of the United States Postal Service to expand the ZIP code to nine digits: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the United States Postal Service should halt plans for its ZIP code expansion until such time as the Service and the Congress have fully examined the cost to the Service, as well as to mailers, the social consequences, and the technical issues associated with that proposal, and that in no case should the United States Postal Service expand the ZIP code beyond its current five digits without first fully examining other means of improving productivity in the sorting of mail.

Mr. JEPSEN. Mr. President, I am introducing a concurrent resolution for myself and Senators BAUCUS, BOREN, BURDICK, HEFLIN, and MELCHER. As my colleagues will note, we are not trying

to prevent the Postal Service from ever instituting a nine-digit ZIP code. Rather, we are trying to make sure that if this proposal is implemented, it will not place excessive costs and burdens on individuals and businesses.

On September 24, I sent a letter to a number of Iowans asking for their comments on this issue. The response has been overwhelming. I would like to read excerpts from some of these letters and to request that these letters be inserted in the RECORD at the end of my statement.

Mildred Rock from Des Moines, Iowa wrote:

I fully agree with the taxpayer from Houston who calls this (the nine-digit zip) another Washington Monument to stupidity. In our case—and, I have to assume in the case of many companies the size of ours—the all-at-once cost of changing all of our records and equipment would be harder to bear than the spread out cost of increased postage.

I am afraid, Mr. President, that this could become the 1980 version of the Susan B. Anthony dollar. As you will recall, this was the new dollar coin that was going to save the U.S. Treasury so much money. Unfortunately, the public did not view this the same way and refused to use the coins except as collector pieces.

Tim Sheets, director of education for the Iowa Postal Workers Union wrote and said:

As to the postal service defending the nine-digit zip code as a means to hold down postal rates and improve efficiency, I can only say that there are many ways to reach such a goal without the problems involved with the nine-digit zip code.

Mr. President, these are just a few of the comments I have received thus far. But I think it is fair to say that their comments are a representative sampling of the hundreds of letters written to me on this issue.

The Postal Service admits that the success of this plan depends on the amount of acceptance it receives from individuals and businesses. If the letters I have received are any indication of the sentiment in other parts of the country—and I think they are—then not too many people are very happy with the nine-digit proposal.

Mr. President, Congress has been working to make the Postal Service as independent as possible. I think there is a great deal to be said for this. However, until the Postal Service can operate on its own, without Federal subsidies, it is incumbent upon Congress to insure that the taxpayers' money is spent wisely.

Congress has been working to make Postal Service as independent as possible. I think there is a great deal to be said for this. However, until the Postal Service can operate on its own, without Federal subsidies, it is incumbent upon Congress to insure that the taxpayers' money is spent wisely.

More than anything else, this is the motivation behind our efforts. We are not convinced that the Postal Service has adequately considered the social, economic, and technical ramifications involved.

We deserve answers to a number of questions before the Postal Service should be allowed to continue with its plans. Was any consideration given to the social impact of the plan? Instead of adding new digits to the present five, plus buying the new equipment to read these digits, was any consideration given to coordinating the new equipment with existing pre-sort business mail programs? What alternatives, if any, were considered?

These are very important questions which deserve answers. To date, I do not believe they have been addressed. Hopefully, during the hearings scheduled for November 25, Postmaster General Bolger will be able to come up with the answers. If he cannot, however, we must halt this plan until they are.

We are very concerned that many unforeseen problems will begin to arise if we simply jump into this program with both feet. It is like the man who tries to eat his favorite pie in one bite. He soon finds out that it will make him sick. Instead of trying to force the public to swallow the nine-digit zip code in one bite, perhaps the postal service should consider feeding it to them in small pieces—it may go down smoother.

Mr. President, I ask unanimous consent that three letters concerning this issue to be printed in the RECORD.

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

THERMO KING-DES MOINES CO., ®
Des Moines, Iowa, October 29, 1980.

Hon. ROGER JEPSEN,
Joint Economic Committee,
Washington, D.C.

DEAR SENATOR JEPSEN: I am responding to your letter of September 24, 1980, regarding the United States Postal Service plans to convert to a nine digit zip code.

I fully agree with the taxpayer from Houston who calls this "another Washington monument to stupidity". In our case, and I have to assume in the case of many companies the size of ours the "all at once" cost of changing all our records and equipment to comply would be harder to bear than the "spread out" cost of increased postage.

The following is a list of some of the things we would have to do because of a change of this nature.

1. Change addressograph plates. In some cases this would be adding the four new digits and in a number of instances a whole new plate.

2. Redoing all accounts receivable and vendor ledger cards. Here again it might be a simple change or mean a whole new card. Some times it would be impossible because on our type of equipment there is allowance for only so many characters and only 3 lines. On some addresses we are already using all of the allowable space.

3. All master copies of our different mailing lists would have to be changed or redone.

4. Various other special files would have to be changed.

In every instance listed above there is not only the cost of the materials but the payroll cost of paying employees to make the changes and researching to make the changes. Even the possibility of spending a great deal of money to reprogram our record keeping equipment in order that it could even be done.

These reasons are strictly as seen from a business stand point and not as an individual. There may be even more that I haven't thought of.

Neither can I see that the Postal Service is going to be able to make this change without cost. The further assumption then is that the taxpayer is going to be stuck paying for this as well as the changes all other areas of government will have to make.

Sincerely yours,

MILDRED J. ROCK,
Bookkeeper.

IOWA DEVELOPMENT COMMISSION,
Des Moines, Iowa, October 7, 1980.

Hon. ROGER JEPSEN,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR JEPSEN: Thank you for your note concerning the U. S. Postal Service plan to change from five digit to nine digit zip code. The business community has been very active in supporting the five digit zip code program. However, the costs involved in adopting this nine digit number will be astronomical.

Computer reprogramming will cost all businesses, banks, insurance companies, hospitals and doctors, manufacturing, utilities, wholesale trade, and even grain elevators many man years of time. The question that must be asked, is this commitment of time and money really going to improve the postal service? In rural Iowa, most post offices handle only one zip code. For example, Winterset, Iowa 50273. Must we ask the private sector to go through a costly revision in the zip code program.

The cost of service for the U. S. Postal Service needs to be held down, but is a nine digit zip code the answer? Please consider the costs to our private sector businesses when this issue comes before you.

Very truly yours,

JOHN C. BUTTERFIELD,
Director, Research Division.

IOWA POSTAL WORKERS UNION,
October 2, 1980.

Hon. ROGER JEPSEN,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR: Concerning your letter of September 24, 1980 I am in complete agreement with the taxpayer from Houston who testified before the House Government Operations Subcommittee that the nine-digit zip code is "another Washington monument to stupidity."

As to the Postal Service defending the nine-digit zip code as a means to hold down postal rates and improve efficiency I can only say that there are many ways to reach such a goal without the problems involved with the nine-digit zip code.

The first area that should be well examined is the structure of management within the Postal Service.

The present Postmaster General Mr. Bolger is a fine example of a problem within the management of the Postal Service.

A matter of litigation was resolved concerning the Fair Labor Standards Act resulting in the settlement of damages against the Postal Service, on behalf of all employees. $252 million was set aside for the purpose of having funds on hand to pay the employees involved. Since the settlement Mr. Bolger has elected to use the interest received on the $252 million for the purpose of hiring a legal firm to fight the payment as long as possible. I understand that the Sec. of Labor has now filed an injunction against Mr. Bolger and the Postal Service for not paying the damages as required by the court. This is but one example of Mr. Bolger running the show.

If the Postal Service had a sincere desire to hold down rate increases and improve efficiency then Mr. Bolger must be replaced at once.

We do not need the Board of Governors now under the direction of the Postmaster General. We would be much better off having the position of Postmaster General filled by the President just as cabinet positions are filled.

We do not need so many levels of management within the Postal Service.

We now have a National level of management located in Washington, D.C.

We then have a Regional level of management located in Chicago, Ill.

We then have a District level of management located in Des Moines, Iowa.

We then have a MSC (Management Sectional Center) level of management located in Des Moines, Iowa.

We then have Local management located in Creston, Iowa.

This results in five levels of management with a full staff at the top four levels.

We continue to hear that 86 percent of all operating cost of the Postal Service goes toward the payment of employees. What we don't hear is that only around 52 percent of the employees are on hand to work and deliver mail.

Over 34 percent of the operating cost (in respect to salary) goes to so many management employees at so many levels of management. We do not need all of the levels of management. This is a prime example of waste.

The amount of employees on the rolls for the purpose of working and delivery of mail reduces continually while the amount of management employees remains stable or increases. We are going to one day have more managers than employees, or more Chiefs than Indians.

This is the direction that Mr. Bolger continues to approach as the Postmaster General.

We are also faced with the continued consolidation of mail processing from the smaller offices into the larger offices. This results in a drastic reduction in the service that our patrons receive.

An example is the processing of Central Mark-Up mail in Des Moines, Iowa instead of Creston, Iowa. The Central Mark-Up is comprised of mail that is being forwarded to a new address for patrons that have moved.

This was processed at Creston until September 23, 1980 and since that date the function has been processed in Des Moines, Iowa.

Under the system of processing at Creston we were able to provide next day delivery for all mail received by patrons that had moved within the past year.

Under the system of processing this mail at Des Moines, Iowa we now deliver the mail two or three or more days later.

It is completely stupid to haul this mail to Des Moines, Iowa, return the mail to Creston, and then deliver the mail at a later date.

As you are well aware I have contacted your office concerning more than one issue facing employees of the Postal Service.

While we remain in disagreement concerning the amending of the Hatch Act I want you to know that I sincerely appreciate your looking into the nine-digit zip code program.

We need to have more interest shown on half of the Postal Service by our elected officials and I sincerely hope that you will continue to investigate and follow through on matters as you have been doing.

I also wish to Thank You for your vote in favor of continuing the six-day delivery of mail.

If I can provide additional information please advise.

Sincerely,

TIM SHEETS,
Director of Education.

AMENDMENTS SUBMITTED FOR PRINTING

TREASURY POST OFFICE APPROPRIATIONS ACT

AMENDMENT NO. 2625

(Ordered to be printed and to lie on the table.)

Mr. DURENBERGER (for himself, Mr. DOLE, Mr. PRYOR, Mr. BOREN, Mr. MELCHER, Mr. HAYAKAWA, Mr. JEPSEN, Mr. LEAHY, Mr. BAUCUS, Mr. SASSER, and Mr. HUMPHREY) submitted an amendment intended to be proposed by them to the bill (H.R. 7593) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain Independent Agencies for the fiscal year ending September 3, 1981, and for other purposes.

ADDITIONAL COSPONSORS

S. 1411

At the request of Mr. GOLDWATER, his name was added as a cosponsor of S. 1411, a bill to improve the economy and efficiency of the Government and the private sector by improving Federal information management, and for other purposes.

S. 2532

At the request of Mr. HAYAKAWA, the Senator from Texas (Mr. BENTSEN) was added as a cosponsor of S. 2532, a bill to reinstate and validate United States oil and gas leases numbered OCS-P-0218 and OCS-P-0226.

S. 3006

At the request of Mr. WALLOP, the Senator from Oklahoma (Mr. BOREN) was added as a cosponsor of S. 3006, a bill to amend the Internal Revenue Code of 1954 to provide a nonrefundable tax credit for investment in qualified industrial energy efficiency and fuel conversion projects.

NOTICES OF HEARINGS

SUBCOMMITTEE ON ENERGY, NUCLEAR PROLIFERATION AND FEDERAL SERVICES

Mr. GLENN. Mr. President, I wish to announce a hearing which will be held by the Subcommittee on Energy, Nuclear Proliferation and Federal Services of the Committee on Governmental Affairs. On Tuesday, November 25, 1980, at 10 a.m., the subcommittee will conduct a hearing on the proposed 9-digit ZIP code by the United States Postal Service. This hearing will be held in room 3302 of the Dirksen Senate Office Building.

If you have any questions regarding the hearing please contact the subcommittee at 224-2627.

AUTHORITIES FOR COMMITTEES TO MEET

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate today to consider pending calendar business.

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

ADDITIONAL STATEMENTS

CLARIFICATION OF WITHDRAWAL LIABILITY PROCEDURE FOR TRUCKING INDUSTRY

Mr. DURENBERGER. Mr. President, the Multiemployer Pension Plan Amendments Act of 1980 became law on September 26, 1980.

Portions of section 4203 of the act provide for a special withdrawal liability procedure from a multiemployer pension plan in the trucking industry to fit the unique conditions that exist in that industry. I was the primary author of this special withdrawal procedure. As such, I can say that it was Congress' intention that this withdrawal procedure apply to most of the multiemployer pension plans in the trucking industry. Accordingly, on August 26, 1980, I stated on the floor of the Senate that:

> It should be observed that if the majority of the contributions to any pension plan are made by employers engaged in the over the road (long) and short haul trucking industry, the household goods moving industry and the public warehousing industry, this withdrawal liability procedure will apply to all employers who contribute to such a plan.

In other words, this withdrawal liability procedure would apply to any multiemployer pension plan in the trucking industry if 50.1 percent of the contributions were made by the employers in the specified industries.

Recently, however, I found out that on the very day that I clarified the intent of this special withdrawal liability procedure for the trucking industry, Mr. THOMPSON told the House of Representatives that this special rule would only apply if at least 85 percent of the contributions to the plan were made by employers previously engaged in the specified industries. Mr. THOMPSON based his statement upon unrelated interpretations of the phrase "substantially all."

Since this amendment originated in the Senate without Mr. THOMPSON'S participation, I am amazed that he would undertake an interpretation of the intent of the language.

My interpretation was based on information supplied to me as to the diversity of Teamster representation, and I am convinced that an 85-percent contribution requirement would emasculate the special withdrawal procedure.

Therefore, as a final clarification, I will reiterate that the withdrawal liability procedure will apply to any multiemployer pension plan in the trucking industry if the majority (50.1 percent) of contributions to the plan are made by employers who are primarily engaged in the long- and short-haul trucking industry, the household goods moving industry, or the public warehousing industry.●

EDWARD "MOOSE" KRAUSE RETIRES

● Mr. BAYH. Mr. President, there may be a few people in the world of collegiate athletics who may not recognize the name of Edward Walter Krause, but I would wager that there are none who would not instantly know "Moose" Krause. Moose has been the athletic director of Notre Dame for over 30 years and in that time period has seen his name take its rightful place beside those near legendary figures of Rockne and Leahy.

Mr. President, as a Senator from Indiana for the past 18 years I have had the pleasure of a close association with Notre Dame. I have come to know its fine academic and athletic achievements and I value as a close personal friend its President—Father Ted Hesburgh. Knowing Notre Dame as I do gives me the opportunity to appreciate what Moose Krause means to that institution and its people.

Moose has fashioned an athletic program which is one of the finest in the country. Notre Dame fields a full range of intercollegiate clubs. Its football and basketball teams are always among the best in the Nation. Nevertheless, Moose Krause has seen to it that the "collegiate" aspects of Notre Dame athletics remains predominant. Over the years he has never forgotten, nor has he allowed his coaches or players to forget, that the most important goal of any university is the achievement of academic excellence. The extent to which an athletic program adds to that goal or adds to the personal growth of students is the extent to which it is important to the university. Moose has seen that athletics has provided an important, meaningful, rewarding and appropriate role at Notre Dame.

Mr. President, this January Moose will retire from Notre Dame with, I am sure, many happy memories. It is surely difficult to know what honor is appropriate for a man who, among other honors, is a Knight of Malta, has been named Man of the Year by the Walter Camp Hall of Fame and has seen the establishment of the Edward Krause Medical Research Fellowship at the City of Hope National Medical Center. Perhaps it is best simply for me and my colleagues—along with the Senate Sergeant at Arms, and Notre Dame legend in his own right, Nordy Hoffman—to join in wishing Moose all the best. He has certainly earned it.

Mr. President, I submit the following articles concerning Moose Krause for the RECORD.

"MOOSE" RETIRES

(By Paul Mullaney)

Edward W. (Moose) Krause yesterday announced his resignation as Notre Dame's athletic director, effective January 1.

Announcing his decision after yesterday's Quarterback Club luncheon at the ACC, Krause said that Executive Vice-President Fr. Edmund P. Joyce "has appointed me Athletic Director Emeritus. I will act as Athletic Director until January 1, and after that I will be Emeritus."

Krause, 76 years old and Notre Dame athletic director for 31 years, indicated that there was no specific reason for making the announcement at this time.

"I've been thinking about this for over three years now," Krause said. "There's nothing unusual about the timing."

The Observer learned yesterday, however, that the announcement was prompted by news leaks naming current Virginia Athletic Director Gene Corrigan as Krause's replacement.

Joyce, who will appoint the new athletic director, was unavailable for comment yesterday.

Corrigan, reached yesterday in his Charlottesville, Va., office, refused comment on the situation.

The Observer learned that Corrigan visited Notre Dame Tuesday of this past week. He also was in attendance at Notre Dame's season-opening victory over Purdue.

Corrigan, a 53-year-old graduate of Duke University, has served as Virginia's athletic director since 1971.

Krause indicated that "at this time I have no idea who the new man will be. The advice I would have is that he better be a business man. In the sports world at the collegiate level, they're going to have to think about ways to bring in revenue to support expanding programs. Many schools are in financial trouble right now."

Rumors regarding Krause's retirement have been circulating for a number of years. "I really wanted to retire three years ago," Krause said. "I've been here as athletic director since 1949. It's been a long career, and I felt it was time for me to step out and let a younger fellow step in to take my job.

"I've been worried about my wife (Elizabeth) and her health. That's something I've been worried about for a long time. Now I feel I'll be able to do more things for my lady—have a little time for her."

Krause indicated that he will remain somewhat active as athletic director emeritus.

"I think I'll be a consultant of sorts," he said. "In other words, I'm not leaving entirely. I won't just start fishing or playing golf all the time, although I will take time for those sports that I'm interested in.

"In fact, right now we're talking about a big drive for the Monogram men to get them more involved with the University. Speaking engagements will certainly be something that I'll consider."

A native of Chicago's Back of the Yards neighborhood, Krause played tackle on Notre Dame football teams of 1931, '32 and '33, and played in the first College All-Star football game.

He was equally known for his accomplishments as center on the Irish basketball squad. It has been said that the three-second lane was conceived as a way to control him. He was inducted into the National Basketball Hall of Fame in April of 1976.

Krause graduated cum laude with a degree in journalism in 1934. He then served in the capacities of basketball and football coaches at Saint Mary's College in Winona, Minn., and at Holy Cross.

He returned to Notre Dame in 1942 and served as an assistant on Frank Leahy's football staff and on George Keogan's basketball staff. A year later, he assumed the head basketball job due to Keogan's death. He served in that capacity for six seasons.

Krause was named assistant to athletic director Leahy in 1948, and was elevated to his current position a year later.

UNIVERSITY OF NOTRE DAME NEWS

Edward W. Krause, athletic director at the University of Notre Dame for more than three decades, has received the James E. Armstrong Award from the Notre Dame Alumni Association.

The award, named for the former secretary of the 62,000-member association, honors an employee of the University "who has performed outstanding service and demonstrated qualities in his personal life that reflect the high principles of the University."

Krause, who celebrates his 67th birthday February 2, carried athletic laurels from South Side Chicago's De LaSalle High School to Notre Dame where between 1931 and 1934 he gained all America honors in basketball and football and earned a letter in track.

Following graduation he coached basketball and football at St. Mary's (Minn.) College, then at Holy Cross and finally served six seasons as head basketball coach at Notre Dame, compiling a record of 98-48. He was also football line coach for six years.

Krause was named assistant athletic director to Frank Leahy in 1948 and athletic director in 1949. Over the years he has been recognized often for his civic and humanitarian as well as athletic contributions. He is a Knight of Malta, one of the highest papal honors a Catholic lay person can receive, and there is a medical research fellowship in his name at the City of Hope National Medical Center.

Much in demand as an after-dinner speaker and master of ceremonies, Krause has been synonymous with Notre Dame sports for 31 years. He is a member of the National Basketball Hall of Fame and the Honors Courts of the NCAA and of the National Football Foundation and Hall of Fame.

The award will be presented to him at the spring meeting of the National Alumni Board on campus.●

AMERICAN HEALTH CARE ASSOCIATION NATIONAL TEEN VOLUNTEER OF THE YEAR

● Mr. DURENBERGER. Mr. President, during October, I had the opportunity to address the national conferences of four major voluntary action groups. As a person who has been an active promoter of volunteerism, both in my private career and in my 2 years in the Senate, it was a great pleasure for me to take part in this event. It was gratifying to see that despite the problems voluntary groups are having because of inflation, the recession and the changing demographics of our country, the volunteers themselves have not lost their enthusiasm or their spirit.

Volunteerism is a vital part of our culture and society, even though it is often overlooked by some of us in policymaking roles. Not only are volunteers providing essential services in a variety of areas, they are doing what no government agency or large institution can do: they are delivering those services with individuality, love and caring.

Those qualities are typified by a young Minnesotan, Beth Puncochar. Beth was recently selected as the 1980 American Health Care Association National Teen Volunteer of the Year. This honor is a well-deserved tribute to her outstanding accomplishments as a volunteer.

On behalf of Beth and all volunteers, I ask that the letter of recommendation for Beth Puncochar be printed in the RECORD.

The letter follows:

TEEN VOLUNTEER OF THE YEAR—1980 NOMINATION

(Nominated by: Jackie Kes, Volunteer Coordinator, Mala Strana, Inc., New Prague, Mn.)

BETH PUNCOCHAR,
New Prague, Minn.:

Beth is a very vivacious enthusiastic thirteen year old young lady who began volunteering at Mala Strana long before there was

a structured Volunteer program and long before she was old enough to become a registered volunteer. She was in the first grade. Beth became a registered volunteer during the month of June, 1979. She volunteered 68 hours of her time between June and December 1979 performing a variety of services which have included decorating bulletin boards, distributing posters, manning the Resident personal supply cart, encouraging other young people to become involved in volunteering, assisting with group activities and most important, 1–1 visiting. Most of the time Beth walks or rides her bike to Mala Strana, regardless of weather conditions.

Mala Strana has recognized the need for and has encouraged Volunteering since its doors were opened in 1972. Volunteers have always been welcome to come in to visit with residents, become involved in group activities and entertain. However, the Volunteer program has been progressing toward a more structured program in the last three to four years.

Through structured programming Beth has been assigned certain residents with whom she visits weekly. One of Beth's unique qualities is that she prefers to visit the residents who have the greatest need for social interaction and special help. For example, she plays Euchre, a card game, with a resident who is quite disoriented, but loves to play cards. She also takes remotivation folders to another resident who is unable to speak. She patiently talks with the resident, points out the pictures and reads poetry with her. Occasionally the resident will read a line or two herself. Beth also visits weekly with another resident who is not always willing to communicate. Most of the time Beth is able to have a dialogue with this individual. It is believed that Beth's enthusiasm, caring and respect for others are key factors in the progress she has made in her interactions with the residents.

Furthermore, Beth is willing to respond to requests for services in other activities such as old time dance bands and bingo, etc. She dances with residents who wish to dance and sits with hearing and vision impaired residents who are in need of 1–1 assistance in order that they may have the opportunity to play bingo or bunco.

Many young volunteers which includes her younger brother have become interested in Mala Strana's volunteer program through Beth's personal recruitment efforts. Her commitment is infectious.

Beth is always reliable and prompt in her coming to Mala Strana. If she is unable to come on her assigned days she calls or has a family member call.

Another one of Beth's unique qualities is that she will take it upon herself to visit residents who are hospitalized and report back as to how the resident is doing. She also does follow up visits with residents who have been discharged to their homes in the New Prague area.

Along with her volunteering at Mala Strana, Beth is involved in basketball, volleyball and softball. She also forgoes her study halls to volunteer her time working in the school office. Beth has also become involved with one of her neighbors who is blind. She visits him on a regular basis, takes walks with him and walks with him while he shops.

Beth does, indeed, enrich and enhance the lives of the residents at Mala Strana. It is refreshing to have her within our midst. She is an exemplary example of the fine youth in the community of New Prague. Therefore, we believe that Beth Puncochar is deserving of the MAHCF Teen Volunteer of the Year award.

Sincerely,

JACKIE KES,
Volunteer Coordinator.●

SOME LESSONS FROM NATO'S EXPERIENCE FOR UNITED STATES-JAPAN DEFENSE COOPERATION

● Mr. HATCH. Mr. President, I hope it is not too early to offer some constructive criticism of the national security policies that President-elect Ronald Reagan will be pursuing in the next 4 years. There are already signs in the press that his new senior advisers will have had their experience largely in the Nixon and Ford administrations where policies were developed that Ronald Reagan ran against both in the 1976 primary and in the election this year. It is apparently too tempting to resist bringing back the so-called experienced hands of yesteryear no matter how mistaken their experience has proved to be.

I wonder how much better Jimmy Carter might have done in foreign policy had he only heeded Hamilton Jordan's famous remark during the transition of 1976 that men from the past like Vance and Brzezinski should have no place in a Carter administration. Ronald Reagan like Carter before him seems destined to rely on a few people from the past who created the very policies he has run against rather than risk new faces on the national security scene. If so, the responsibility falls on the friends of Ronald Reagan who have campaigned so ardently for him and his philosophy to offer him criticism from time to time here in the Senate and elsewhere.

One of my concerns is that earlier administrations have failed to enhance the level of cooperation we ought to have from our major allies in Europe and Japan. Bringing back the same policymakers is likely to bring back the same institutional patterns.

The Senate Steering Committee under our Chairman JIM MCCLURE has begun to look into the question of allied defense efforts. I have headed our newly formed allied defense effort study group for several months. Our reports will be made available to the new administration and to the relevant congressional committees in the months ahead.

We have already looked at the major deficiencies in the NATO long-term planning process during a trip to NATO Headquarters and the defense planning centers in London, Bonn, and Paris. We met with a number of NATO's parliamentary leaders at the NATO Assembly in Ottawa where I was fortunate to be named a member of the Military Committee of the NATO Assembly. Most recently, we have examined the question of Japanese defense efforts and attended the conference in Tokyo to commemorate the 20th anniversary of the United States-Japan Mutual Security Treaty. At that conference, two former Defense Agency Chiefs, Mr. Shin Kanemaru and Mr. Asao Mihara, put forward the idea that Japan should play a more equal role under the Security Treaty by assuming a greater share of defense responsibility.

Mr. President, I submit for the RECORD several articles from the Japanese press about the conference which were kindly forwarded to me by Ambassador Mike Mansfield together with his letter about the conference. I would also like to submit the remarks of former Minister Asao Mihara and myself delivered to the conference. The Senate resolution about the conference refers to a report about it which will be submitted next week after we meet with the Japanese delegation to discuss it. In the future, our Senate Steering Committee allied defense efforts study group will also be circulating draft reports for comment before publication.

I have every reason to believe that the experienced hands in the next administration will have the opportunity to work on the challenges we have pointed out in the area of allied defense cooperation.

The material follows:

SOME LESSONS FROM NATO'S EXPERIENCE FOR UNITED STATES-JAPAN DEFENSE COOPERATION

(Address by U.S. Senator ORRIN G. HATCH to the United States-Japan Conference to commemorate the 20th anniversary of the 1960 Treaty of Mutual Cooperation and Security)

Ladies and gentlemen, I ask for your indulgence because I am going to approach the subject of our conference to commemorate the twentieth anniversary of the Treaty of Mutual Cooperation and Security between our two countries in a round-about way, from a global perspective. I appear before you today as the Chairman of a special study group of the Senate Steering Committee to examine the defense efforts of America's allies around the world. One year ago, I visited England, France, West Germany, and Belgium to discuss with the military leaders of NATO the question of allied defense efforts. I can report to you today that the military forces of the NATO alliance are improving impressively.

Following the leadership of General Alexander Haig at first, and more recently under the Carter Administration and the new NATO commander, General Bernard Rogers, a Long Term Defense Plan has been put into effect. For the first time in twenty years, a major across-the-board set of improvements in ground, sea, and air forces is underway. After nearly two decades of relative neglect while Soviet forces were slowly and steadily improving, the NATO allies have now for three years achieved a real growth rate of about three percent in their defense budgets. NATO military leaders are meeting frequently in a variety of new institutions such as the committees of the Long Term Defense Plan to bring about better cooperation among the military units and defense industries of the fifteen members of NATO.

Most recently there has been a growing awareness of the vital importance of the security of the Persian Gulf to NATO, and discussions have begun about how NATO's members can deal with the issues of security beyond the European region of the alliance. To sum up, there is a new spirit in NATO and it is good news after too many years of neglect. There are problems, of course, new ideas are needed, but today I will bring you only the good news. The good news is that the trend is up.

To get an idea of how important it is that the trend in NATO has been turned around, Ladies and Gentlemen, let me mention the total sizes of the armed forces of the European allies during the last twenty years, from 1960 until 1977 when the Long Term Defense Program began to take effect. In alphabetical order, then, Belgium has declined from 120,000 to 86,000 in its land, sea, and air forces; Canada declined from 120,000 in 1960 to 80,000 in 1977; Denmark declined from 44,000 in 1960 to 35,000 in 1977; the United States declined from 2½ million in 1960 to 2 million in 1977; France declined from 1 million in 1960 to ½ million in 1977; Greece showed an increase from 158,000 in 1960 to 200,000 in 1977; Italy declined from 400,000 in 1960 to 330,000 in 1977; Luxembourg declined from 3,200 in 1960 to 600 in

1977; Norway declined from 40,000 in 1960 to 38,000 in 1977; Portugal declined from about 100,000 in 1960 to 59,000 in 1977; West Germany showed an increase from 260,000 in 1960 to almost ¼ million in 1977; the United Kingdom declined from 590,000 in 1960 to 340,000 in 1977; and finally Turkey declined from 500,000 in 1960 to 460,000 in 1977.

In sum, only two members of NATO expanded the quantity of their armed forces during the two decades under review. That fact, it seems to me, is something to keep in mind when we turn to the question of the trends in Japan's defense effort in the last twenty years. Indeed, Japan has an impressive record of maintaining its forces at the same level for the last two decades while the majority of the NATO allies, my own country included, have not only reduced the size of their forces but actually declined in the real rate of defense spending in many cases. Japan, on the other hand, has averaged a real growth rate in defense spending over the past decade of an impressive 7 to 8 percent.

Now I know that there are many sharp critics of Japan's getting a free ride and not sharing the burden of its own defense, but they should keep in mind the record of the NATO allies when making such criticism. And, I might add, none of the NATO allies has a constitution like Japan's which forever renounces war and the threat or use of force and which promises that land, sea and air forces will never be maintained. Nor do the communist and socialist parties in NATO member nations oppose the national defense effort in the way that these parties have in Japan until recently. Nor do the NATO allies have public opinion shaped by the impact of the nuclear destruction of Hiroshima and Nagasaki. Nor are the NATO allies surrounded by the natural defensive protection of the Sea of Japan which keeps the Soviet Union farther away than is the case for many NATO members.

So, ladies and gentlemen, from this perspective of NATO, Japan's defense effort has been impressive in the upward trend, if not in the absolute level of forces and spending. Everyone knows that most NATO members spend three or four times more the percentage of their gross national products on defense compared to Japan, but too many forget the direction of the trends, and the good news is that the trend has been up in Japan for two decades, unlike NATO.

Let me now turn to a second piece of good news about Japan's defense effort, the decisions of the past two years which I believe are worthy of praise and which should also be seen in light of the NATO experience. There are four. The decision to adopt the new defense guidelines for cooperation with the United States, the decision to establish a national command center, the decision to purchase the new F-15 air defense fighter from the United States, and the decision to purchase at least 45 P3C anti-submarine patrol aircraft.

These are critically important decisions that will shape Japanese-American defense cooperation throughout the 1980's. Let me examine the implications of each one.

First, I would emphasize that the acquisition of both the F-15's and the P3C's which will become operational in the next few years provides two building blocks of fundamental importance for the next twenty years.

Once these highly sophisticated aircraft have been fully integrated into the Self-Defense Forces, I believe that Japan can have the finest anti-submarine capability and the finest air defense capability in all of East Asia by simply increasing the numbers of these aircraft produced under license in Japan. Both these aircraft are, after all, merely platforms for advanced sensor systems and various weapons. They can be tailored to fit many missions, including air-to-surface missiles like the new Japanese ASM-1 for the F-15 to patrol the seas around Japan, aided by aerial refueling. I will not dwell on the capabilities of the F-15 and the P3C except to say that both the quantity and the quality of these two weapons systems can be readily increased in the years ahead. The important thing is that after years of debate the decisions were made; the programs have begun.

Second, I would emphasize that the decision to build a national command center for the Self-Defense Forces provides a third significant building block for the next decade. Obviously, once there is a true command center for the Japan Defense Agency, there will be choices about the kinds of communications and the kinds of external links possible to build. But the important point is that the decision was made and the program has begun. Third, I believe that the decision to begin joint military planning with the United States under the Defense Cooperation Guidelines announced over one year ago is the single most important defense policy choice made in Japan in the last twenty years. This too is a building block for the next decade, and the most important one of all.

I have noticed from the American press coverage of the last two years that these Defense Cooperation Guidelines have not been well-understood. Before the agreement on the Defense Cooperation Guidelines, there either was no joint military planning by our two countries or it was very well hidden. The frequent references to the "alliance" between our countries was certainly an exaggeration compared to the alliance machinery in NATO with its military planning groups and intensive military cooperation among national units stated in Germany. Now, however, with the joint studies called for in the Guidelines making progress, many issues are being dealt with for the first time which will provide the foundation for the next two decades of our defense cooperation. The Guidelines call specifically for such previously taboo measures as a joint coordination center, cooperation in intelligence activities, joint logistics plans, and the possible use of additional facilities and Japanese bases by American forces in case of need, even for situations in the Far East outside of Japan if such situations will have an important influence on Japan's security.

Ladies and gentlemen, as this process of joint Japanese and American military planning continues, I believe that the requirements for Japan's future Self Defense Forces will emerge for presentation to the public. In other words, at last the Japan Defense Agency will be able to tell the country what it needs and why.

That is why this building block is so important for the future. For too long there has simply been no plan for Japan's defense needs. But the decision has been made and the program to develop those plans has begun.

A fourth building block needs to be mentioned. It is closely linked to the others. I know there has been some difficulty over the years about American preferences to sell finished weapons here in contrast to Japanese preferences for licensed co-production. My view is that Japanese industry has been wise to hold out for a strong role in defense production. Because of this growth in defense industry here, Japan has yet another building block for the future—the technological knowhow and the industrial base to produce highly sophisticated defense systems. I know this has been expensive—some estimates go as high as three times the cost of buying the equipment in the United States—but the end result is a degree of self-reliance in defense production which would not only permit increased output if necessary, but also may make the prospects of arms exports attractive in the future, even if only non-lethal items initially were exported. Here too the decision to sustain Japanese defense industry has been made, programs are underway, the trend is up.

Ladies and gentlemen, these same four building blocks—acquiring advanced new aircraft, improving command and control centers, pursuing joint military planning, and developing defense industrial know-how—these four building blocks lead me back to my discussion about NATO and allied defense efforts in Europe because they form a vital part of the Long Term Defense Program there.

Now I want to proceed one step further in discussing the lessons NATO may have for defense cooperation between our two countries. In what I believe to be a novel approach, I want to describe to you the detailed concerns of the NATO Long Term Defense Program and suggest what the leaders of the Japan Defense Agency may wish to consider as they chart the future of Japan's defense effort. Such a perspective has two advantages. First, like the Japanese "standard defense concept" that seeks quality not quantity for Japanese forces, the thrust of NATO's recent improvements have been qualitative, not quantitative, so the objectives are compatible.

Second, I believe the defense planners of any nation including my own can reduce their myopia by studying how other nations may have solved specific defense problems. There is not always only one right solution. NATO members find such comparative studies quite natural, but Japan's geographic isolation from Europe may have unnecessarily cut its defense planners off from European ideas relevant to the Self Defense Forces. Strangely, there have been more Chinese military visitors to NATO in the last two years than Japanese, and I mean Communist Chinese visitors.

Now before I begin to tell you about the nine areas of concern under the NATO Long Term Defense Program and how they are relevant to Japan, let me acknowledge that there are many ways to measure and to evaluate the quality of the Japanese defense effort. Some critics focus only on the percentage of GNP, praising those nations that have high rates like the 5 percent in the United States (which is less than half the Soviet Union) and condemning those nations like Japan at just under one percent or Canada at about 2 percent or Luxembourg, another NATO member, at just over one percent of GNP spent for defense. Others select specific features of a defense force such as its level of technology or its combat experience or its morale.

My own view is that the NATO approach is useful not only because it includes so many different indicators of the quality and effectiveness of defense forces, but also because it can be used as a checklist to see just exactly where a national defense effort is falling behind. Just raising the Japanese defense budget to 1.7 percent of GNP, as called for by a blue ribbon panel named by the late Prime Minister Ohira, will not necessarily improve Japanese self-defense forces in the right way. Nor will raising the defense budget to 2 percent of GNP. I am sorry to say that these simple formulas are too often used by those who know little about defense and do not care to learn any more. The American people, and those of us in Congress, have had to learn a great deal about what makes an effective defense in order to make wise decisions.

The Japanese people are learning more too, if I may judge on the basis of the increasing sophistication of the Japanese press coverage of defense issues. It is here, Ladies and Gentlemen, that the nine areas of the NATO Long Term Defense Program can help educate the public because they provide a checklist which other nations—not just the United States—are using to make choices

about their future defense programs. Of course, not everything can be public, and there are a number of secret details about the improvements that NATO has found necessary, but I believe that Japanese officials can learn these details if they will visit NATO land, sea, and air forces as part of the process of considering qualitative improvements for the Self Defense Forces. So today I am only going to give the highlights of what could be treated at greater length in closed sessions. After all, no defense planners want to advertise their weaknesses in public, unless it is to appeal to Congress for more funds.

THE NATO CHECKLIST FOR LONG TERM DEFENSE PROGRAMS

The first category is readiness. This includes questions like how frequently and how realistically do Japanese forces train, which could be improved by more training in the United States as already occurs for some Japanese units. Readiness also is measured by the availability of ammunition and war reserve stocks in adequate quantities. Numerous Japanese press accounts have hinted this may be a critical problem here. But readiness also includes issues like defense against chemical warfare.

Preparations are underway to protect our pilots and crews against the kinds of nerve gas attack that we know the Soviet Union practices as a routine part of their training. I observed this when I visited airbases in NATO last year. My impression is that Japan has not dealt with this problem very well.

Another element of readiness is coordination of U.S. and Japanese stages of unit readiness during alerts, something already proposed under the new Defense Cooperation Guidelines which speak of a "common standard" for readiness stages concerning intelligence, movements of units, logistics and other preparations. Progress here will be crucial to the readiness level of both U.S. and Japanese forces if an alert is called.

The second category is reinforcement. NATO improvement has focused on three questions which do not seem to have received any attention in Japan. The first is the POMCUS site program, the "pre-positioned combat-configured unit sets of equipment" that I visited last year in Germany. This equipment is ready to be distributed to American reinforcements flown in from the United States in a matter of hours. I don't see why this cannot be done jointly here, and this issue will be addressed in the future, I am sure. NATO is also enhancing reinforcement capability by identifying civilian aircraft and merchant ships that could be used in a crisis.

Yet my impression is that Japanese laws would not allow such measures even in wartime. Nor does there seem to be any counterpart to NATO's concern with CRAF, the civil reserve air fleet program which purchases modifications in civil transport aircraft so they may carry military cargo in an emergency. Both Japanese-manufactured aircraft and those purchased by Japanese airlines in the United States could be so modified, thereby greatly expanding reinforcement capability at little cost.

The third category is reserve mobilization. Here, too, there is little underway in Japan to match the serious efforts of NATO members. My impression is that there is not yet an Air Self Defense Force reserve at all, that the Maritime Self Defense Force reserve is tiny and could be easily expanded at low cost, and that the large Ground Self Defense Force reserve of about 40,000 is paid so little (about ten dollars per day of training, I am told) and has almost no equipment of its own, that it is difficult to call it a true "reserve" force. Japanese police reserves could be useful in a military situation, however, and NATO may have something to learn from Japan about that. The lack of a national mobilization law, to be sure, greatly undercuts the role of any reserves in Japan.

The fourth category is maritime posture. Here too there are sharp contrasts with NATO's new efforts and Japan's announced plans. I am not talking about the overall size of the Japanese sea forces. I mean problems like no secure voice communications between U.S. and Japanese ships and headquarters, and problems like a lack of adequate number of torpedoes and failure on the part of NATO and the United States to provide Japan with the highest quality Mark 46 or similar torpedoes. I have in mind also the problem that mines—which are absolutely critical to Japanese self-defense and to our joint interest in being able to close the three main straits around Japan to bottle up the Soviet fleet—that mines require preparation to be used.

Old mines may deteriorate in storage. NATO is also at work on new mines countermeasures in ways that could benefit Japan at little cost. NATO is pursuing important improvements in antisubmarine detection as well, and Japanese experience especially in shallow water detection should be shared. The NATO Assembly Military Committee to which I belong has been investigating the ASW question for the past year, developing some ideas of relevance to Japan—again, at little cost. I should like to suggest that the navies of both Denmark and Norway may have special insights Japan could share. Both Denmark and Norway have critically important roles in NATO in closing the Baltic Straits and surrounding area. They have developed, in parallel with neutral Sweden, new approaches to mining such as the use of commercial ferries and the need to protect land areas nearby with air defense and land forces.

The fifth category is communications, command and control. This is an area where Japanese Defense Agency plans seem to be comparable to NATO's efforts. At least the problem of the lack of military command centers and secure communications have been recognized. There are announced plans to expand Japan's microwave net for military use. Eventually, progress here will open other possibilities with external communication links.

The sixth category is air defense. I have already praised the decision to acquire F-15's through co-production as a vital first step. I might note, however, the relevance of a comment made to me last year by the commanding general of U.S. air forces in Europe who pointed out to me all the new aircraft shelters at Ramstein Air Base in Germany with the remark that it makes little sense to buy 15-million-dollar jet aircraft and then not pay the extra few hundred thousand dollars to buy an aircraft shelter that protects it and greatly reduces the damage that can be done in a surprise air attack. I note that the five year tentative plans of the Japan Defense Agency released in May provide for very few of the necessary shelters, unfortunately. The issue of air defense missiles for the next decade may well hinge on the progress of the American Patriot system for both NATO and Japan, so some discussions here among all concerned would be valuable.

The seventh category is electronic warfare. This is an area of great secrecy which can spell life or death in combat. Let me simply remind you of the worldwide fame that Japan has earned for success in the electronics industry for consumer goods, then ask you if you have heard anything about this issue in Japan's defense. This is not an expensive area, compared to ships and aircraft, yet it is crucial. My impression is that much more needs to be done to reach NATO standards.

The eighth category is rationalization, standardization, and interoperability. This is an area in which Japan may be well ahead of NATO because of the close ties between our forces and Japan's acquisition of major American weapons and equipment. Yet the trend could be negative in the decade ahead as Japanese defense industry produces more and more Japanese designs which are not compatible with American equipment. Here, too, the joint military planning underway for the past year under the Defense Cooperation Guidelines faces a real challenge in its studies of who will do what in the defense of Japan. These studies may determine for many years the nature of our defense cooperation.

The ninth category is logistics. This area is one of the main subjects of the Defense Cooperation Guidelines as well. There has been at least some consideration of the NATO approach through the comparisons that are frequently made with West Germany in host nation support, that is the direct contributions of the Japanese government to American forces in Japan. There seems to be a strong case here that Japan is ahead of NATO in host nation support for U.S. forces. The rough total has increased in just three years from about 500 million dollars to over one billion dollars annually. More importantly, new areas are being funded such as labor cost sharing, housing programs, and even minor operational expenses such as runway maintenance.

Of course, there is still a considerable shortfall that the U.S. must pay. Logistics is much more than cost sharing, however, and I am worried that some NATO improvements in recent years may not be implemented in Japan without closer Japanese attention to NATO's experience. I have in mind the hardened logistics installations I visited in Germany which have no Japanese counterpart at present. If it proves possible to develop a joint logistics system under the Defense Cooperation Guidelines—and I hope it is—then that system must be well protected and hardened as in NATO. There must also be adequate surface-to-air missile protection for key sites. Ironically, this may be less important today when Japanese war reserves and munitions supplies are so low than a few years from now when such stockpiles will be tempting targets along with Japan's relatively unprotected air bases.

The United States has a special interest in protecting these key sites and bases because of the new proposal of the Defense Cooperation Guidelines for possible use of Japanese bases by U.S. forces in the event of situations in the Far East that would affect Japanese security. These Guidelines are not a commitment by the government to do so, of course, but only to study the question and to make plans. But over the long term, I believe that this may prove to be the most significant aspect of the Guidelines from the point of view of the global responsibilities of the United States.

Ladies and gentlemen, those are some examples of the kind of lessons that the recent experience of NATO with its Long Term Defense Program may have to offer to Japanese officials and specialists who will travel to Europe to see what other nations are doing to improve their defense efforts. I have mentioned them today because our commemoration of the 1960 Treaty of Mutual Cooperation and Security occurs in the midst of the first major effort by our two governments to develop true mutual cooperation and security under the Defense Cooperation Guidelines, an effort that has been all too slow in getting started and may well benefit from the new spirit and vitality that another major alliance of free, democratic nations has shown after years of neglect. My point is that quality and effectiveness in allied defense efforts can be better achieved through reflective study and joint examination of issues by several nations. How money is spent on defense is no less important than the percentage of the GNP

that is spent. The United States can express its hope that Japan will do more, but it is up to Japan to seek out the best sources of advice.

I hope that Japan will not neglect the NATO experience in the years ahead. There are certainly contributions that Japanese may make to NATO's efforts through a process of dialogue and mutual exchange. But that is a subject for another day.

JAPAN-UNITED STATES ALLIANCE AT A TURNING POINT IN HISTORY

(By Asao Mihara)

Mr. Chairmen, President Ford, Members of the U.S. Congress, My colleague members of the National Diet of Japan, Representatives of U.S. and Japanese research organizations, Honored Guests:

It is an honor for me to have this opportunity to say a few words on behalf of the Japanese Organizing Committee for this seminar as we open our meeting.

I rejoice over the fact we can hold this international seminar commemorating the 20th anniversary of the signing of the Treaty of Mutual Cooperation and Security between Japan and the USA, attended by so many people, and graced by former President Ford and many other distinguished American visitors who came all the way from America. My heartiest thanks are due to the Heritage Foundation which has been the American co-sponor of this conference, and to Mr. Feulner, the President of The Heritage Foundation for their cooperation in organizing this conference.

Ladies and gentlemen, first of all I would like to convey to you how deeply moved I am at the opening of this memorable Japan-U.S. seminar. The fact that an international conference like this is being held now as we enter the 1980's fraught with dangers, is in itself significant.

We look back on the day when the present Treaty of Mutual Cooperation and Security between Japan and the United States of America was signed, January 19, 1960. It was on June 23, the same year, when the treaty came into force. This year, we commemorate its 20th anniversary. The Japan Security Research Center, co-sponsor for this seminar in Japan, planned to carry out a series of events to celebrate the anniversary since last autumn, together with various American research organizations and some members of the American Congress, with the objective of looking back over the relationship between Japan and the U.S. for the past 20 years, now that the pact has reached an important point in history, and to have an overview of the future development of the alliance between the two countries in the coming 20 years, up to the end of the 20th century.

There were also members of our Diet who saw the political significance of this international project and decided to give us their full support. Since last spring, therefore, these Diet members started to organize the Organizing Committee in order to carry out the project for commemoration. Mr. Kiski, who was the Prime Minister at the time the present treaty was signed, graciously consented to be the Honorary Chairman of the Organizing Committee. More than 80 people agreed to participate in the Committee, including former Prime Ministers Kakuei Tanaka, Takeo Miki, and Takeo Fukuda. Foreign Ministers of various LDP Cabinets, Members of the Diet who are also members of LDP organizations on defense, Mr. Ikko Kasuga, Permanent Advisor to the Democratic Socialist Party of Japan, and members of New Liberal Club became members of the Organizing Committee. Thus the sponsors are from both the Government and opposition parties.

We also had the participation and support of many people who represent financial and industrial circles, academic societies, and learned and experienced people. As you see in the list before you our Organizing Committee consists of representative leaders of many broad areas. If time had permitted, I am sure that the list would have added more representatives and organizations representing far wider areas. Taking this opportunity, I would like to report to you of, and express our gratitude for, the generous financial assistance given by the Japan Federation of Economic Organizations Kendanren) and other organizations and individuals, for assistance in carrying out our projects.

Originally, this seminar was to be held last June. Mr. Ford and members of the U.S. Congress kindly told us that they were ready to participate in the seminar. In April, the late Prime Minister Ohira said that he would give his wholehearted support. However, as you know, because of the political situation in both Japan and the U.S., the conference was postponed until today.

In the meanwhile, on May 8, under the co-sponsorship of the Japan Security Research Center and the Georgetown Center for Strategic and International Studies, as an opening program for the series of projects commemorating the 20th anniversary of the Treaty, a special lecture meeting was held and Mr. James Schlesinger, former Secretary of Defense and former Secretary of Energy addressed the meeting.

Ladies and gentlemen of Japan and the US, I started out saying that I am deeply moved at the convening of this seminar, thinking that the holding of this meeting itself suggests that the security relationship between Japan and the US has now entered a mature stage. As in the keynote speeches of President Ford and Honorary Chairman Kishi, it is a well-known fact that there have been many occasions of political tension generated both in our society and in the relationship between Japan and the US in the course of the twenty years since the signing of the present treaty.

Nobody even thought of any project to commemorate the 10th anniversary of the treaty in 1970 in Japan. And yet 10 years from then, today, our Organizing Committee to carry out the commemoration projects is participated in by many members of our Diet, both from the LDP and the opposition parties. There are some other opposition members of the Diet who are willingly attending the seminar today, although they did not participate in our Organizing Committee for various reasons.

It is true that the situation in our Diet today is not quite comparable to the one which exists in the Western allied countries who are members of NATO. I would like to express my sincerest respect to the fact that the US Senate passed a strong resolution in support of the seminar today, but, frankly, the situation in our Diet at present has not yet reached that stage. Western and American allies of NATO carried out their own commemoration projects, on the 20th, 25th, and 30th anniversaries of the signing of the North Atlantic Treaty. Although Japan is also a member of the free world, the political situation in Japan is such that we are behind our Western allies in this respect.

Ladies and gentlemen, I hasten to add, however, that we have made epoch-making progress in that this seminar could be held today attended by the members of Government and opposition parties of both Japan and the US. That is the most eloquent proof to show that the security relationship between Japan and the US has now entered the period of maturity, and that is a beneficial change. We, the people of the US and Japan, have reached the stage that now we can try to look at the future development of a closer and more dynamic alliance between the two great and free nations, on both sides of the Pacific, and on the basis of the political climate which has made it possible for us to hold this seminar commemorating the signing of the Mutual Security Treaty.

May I tell you the second reason why I am so deeply moved today? It is because this seminar, aiming at strengthening the alliance between Japan and the US, is being held as we enter the "dangerous decade," the 1980's. Since the signing of the original treaty, about 30 years have now elapsed. In the meanwhile, there have been structural changes arising in the world situation.

In 1960, when the present treaty was concluded, the Pacific was predominantly an "American lake." The security of Japan, an archipelago floating on this lake, was assured to a high degree. The Japan-US security system actually has played a decisively important role as a pillar of freedom, peace, security and prosperity for Japan for nearly 30 years. Under the Security Treaty system, the Japanese people were able to fully exercise their national energy, concentrating their efforts, first on recovery from World War II and then on the development of our economic strength and attaining the status of a great economic power, becoming the country with the second highest industrial production in the free world. It is also well known that the Security Treaty also made an incalculable contribution for the military stability and the economic development of a vast area of Asia and the Pacific Basin. The Security Treaty has been the cornerstone of development in these areas.

However, at the beginning of the 1980's, the situation in Asia, the Pacific, and the world in general has undergone great changes from 20 years ago. The USSR has greatly expanded its Pacific Fleet in recent years. This growth of Soviet military power combined with the greatly diminished military presence of the US in this area since the end of the Vietnam War, has now turned the Western Pacific into a patently "insecure lake."

There has been an important change in the military balance between the two superpowers of the US and the USSR. In the first half of the 1980's, it looks as if the Soviet military forces will change their position of parity with the US to relative superiority over the US. Reflecting this change in the balance of power, there have been successive international crises since the beginning of last year: Vietnam attacking Cambodia, followed by the war between China and Vietnam; the members of the American Embassy in Iran being taken hostage; and the USSR aggression in Afghanistan beginning at the end of last year.

We Japanese now have a better understanding of the changes in the international atmosphere which affect our security. The defense of the Persian Gulf, the need for which we were made keenly aware of after the Soviet aggression in Afghanistan, is a vital defense problem for Japan itself, because our economy is dependent upon imported oil from the Persian Gulf area which constitutes 75% of all the oil we require. Therefore, although many Japanese do understand the reason for, and pay deep respect for, the fact that the US 7th Fleet had to be swung to the Indian Ocean, to be responsible for the defense of the Persian Gulf—still this redeployment was a shock. We saw with our own eyes that there is now a void in the American military presence in the Western Pacific area, even though it may be only temporary.

As the new strategic situation loomed up, the Japanese obtained a clear impression that the area of security for Japan has now expanded to the Indian Ocean and Persian Gulf, and along with this change, Japanese defense policy and the security and cooperative relationship between Japan and the US have to be basically revised.

Since the defense of Persian Gulf is a problem of defense common to all the free

countries in NE and SE Asia, all overwhelmingly dependent upon the oil from Persian Gulf, then these countries must share the responsibility for defending the Western Pacific, left vacant after the 7th Fleet's swing to the Indian Ocean. However, it is also clear that there is no other country except Japan in East Asia which has the latent strength for shouldering the responsibility of defending so vast an area. This basic fact suggests that Japan is placed in a position to bear part of the expanded defense responsibility for securing the military stabilization of the Pacific area in general, exceeding the limited framework of defense of the Japanese archipelago.

In the 35 post-war years, Japan was in a spectator's seat, watching the drama of the ups and downs in the international balance of power being played on the world stage. However, with the start of the 1980's, we are beginning to realize that we are now playing one of the leading roles at the forefront of the world's political stage.

It goes without saying that Japan did make important international contributions under the system of the Japan-U.S. security system even before now. Japan developed economic cooperation with the countries of East and Southeast Asia, including ASEAN members, aiding the political stability of the area. Furthermore, recently, our economic and technological assistance has been extended to Pakistan, Mideast countries and Turkey, a member of NATO. Japan has been making efforts as a member of free world, to such a degree that I do not think that these efforts can be overlooked any more.

The new challenge faced by Japan in the 1980's is to expand the cooperative relationship between Japan and the U.S. further into the whole area stipulated in the Treaty, including the military area. The alliance between Japan and the U.S. has three basic aims: firstly, to defend our common values of freedom and democracy; secondly, making sure of peace and security of the world, and thirdly, to try to maintain and develop the free world market system. Our alliance is now faced with new problems in the 1980's, i.e., development and maintenance of energy supplies; stabilization of the international monetary system, by combined action of the yen and dollar capital markets, and strengthening joint efforts in the area of assistance to developing countries.

The alliance between Japan and the US thus is going to develop for joint efforts between the two countries in these new areas. However, anything depends on whether or not we can maintain peace and security in the vast area of Asia, the Pacific Ocean and now expanding to the Indian Ocean, through the cooperation of Japan and the US. In order to deal with the new situation, it will be inevitable for us to reorganize the alliance between Japan and the US.

First of all, I do not think it will be possible to cope with the present situation using the strategic concepts of 20 years ago. The Pacific and Indian Oceans have merged into a single strategic theater, so continuing the legal concept of "Far East" as stipulated in the Treaty is no longer applicable to the realities of the present situation. Secondly, and far more imoortant than the first, we must reconsider the unilateral nature of the present treaty. According to the provisions of the present treaty, the US is unilaterally responsible for the defense of Japan, while Japan is not obliged to bear responsibility for joint defense. In other words, the alliance in terms of the present treaty is not an alliance as traditionally defined but constitutes a kind of protective treaty.

Even though this sort of unilateral characteristic of the treaty may have been permissible when the economic strength of Japan was less than 10 percent of that of the U.S., it is unthinkable now that the same unilateral characteristic should be allowed to continue, when our GNP is approaching nearly half the American GNP. In other words, in the 1980's, the true problem faced by Japan and the U.S. is to develop the present unilateral security relationship into a truly and literally equal alliance between two great powers.

This brings up an extremely difficult and delicate problem for the two countries, and especially for the political situation in Japan. But we cannot avoid this issue. I am convinced that it will be one of the important problems for the political leaders of the two countries to tackle squarely with wisdom and courage.

In any case, Japan should be considering very seriously the inescapable problem of deciding what type of political role it should play throughout the 1980's, in an international environment which has undergone structural change, and in keeping with Japan's increased economic strength. We must consider what sort of responsibility Japan should be sharing in the present fluid international situation in order to help create a free and more stabilized international order. Japan had now entered a phase in which Japan is truly trusted and respected by many countries and Japan must fulfill its mission in the world.

A true alliance has as its premise an equal and mutually cooperative relationship between truly independent nations. The defense of independent nations is autonomous, and should be established only on the patriotism, devotion and sacrifice of the people themselves. No true alliance or mutual defense can exist, when the protection is unilateral, even if a country is protected by a friendly nation. When any country unilaterally depends upon such protection, it is not an alliance in the full meaning of the term. When there is no spirit of sacrifice on the part of its people, no country can play a role as a big power. As we enter the turbulent 1980's, and commemorate this historic occasion in the life of the Japan and the U.S. Security Treaty, we should reflect deeply upon this hard reality between us.

Japan is going through a phase of historic change, and we have not fully reached national consensus as to our future direction. Perhaps the American participants who are here today observe this delicate ambiguity in our stand. However, what is important is the beginning of this historic change in our society which is becoming noticeable. I hope that the American participants at this seminar, with your insights of the realities of the Japanese politics, will give us your adequate and perceptive advice so that the political change which has already started in Japan will be guided in a more desirable direction.

I think my colleague will later make a proposal, which I completely support, on the idea of establishing a regular meeting, perhaps to be called the "Pacific Assembly", of members of the U.S. Congress and the Japanese Diet without distinction between the Government and opposition parties. The objective would be one of making cooperation on security relationships between Japan and the United States closer, and making a more effective contribution to the formation of policies of the two governments, after this memorable seminar. I leave the matter to the discretion of the participants of the two countries. But personally I am convinced that such an organization would be one of the major results of this seminar.

The Anglo-Japanese Alliance formed at the beginning of this century was dissolved 20 years after its signing, and subsequently Japan experienced a very difficult situation, ending up with very tragic consequences. We are here to commemorate the 20th anniversary of the present Security Treaty. The true merits of this treaty can only be fully assessed in the future. But we do know that a great challenge lies ahead for both Japan and the United States. Perhaps, here, we can form a clearer outlook for the coming 20 years, until the end of the 20th century, with greater confidence and expectation, than we could at the beginning of this century, for we have this firm basis of the great Pacific Alliance with the United States on which to build.

Thank you for your attention.

SEPTEMBER 5, 1980.

Hon. ORRIN G. HATCH,
U.S. Senate,
Washington, D.C.

DEAR ORRIN: I was glad to have had the opportunity to see you during your recent visit here in connection with the U.S.-Japan Security Symposium. I was particularly happy that you and other participants were able to drop by my office for an informal exchange of views on Japanese defense and other matters. It is very useful to me to hear firsthand the concerns and the opinions being expressed in the Congress; at the same time I hope that I was able to provide you some helpful background material and other information on my own perspective and that of the Japanese Government.

The symposium itself went extremely well, I think, a judgment which is substantiated by editorials and commentaries in the Japanese press. While there was some press attention given to the more controversial statements by Japanese participants in the symposium, coverage of your own remarks and those of other American participants was uniformly positive. The Sankei probably summed up best your own hopes for the meeting. Commenting editorially on September 2, Sankei wrote "the importance of the Japan-U.S. Security Treaty was confirmed again. It was also confirmed that it was basically due to the Treaty that Japan has been able to achieve its economic prosperity after the War . . . It is thought that on this occasion we should realize again that the Security Treaty affects the vitally important interests of Japan." I have had assembled all of the pertinent Japanese press commentary on the symposium, including the Sankei editorial quoted above, and am enclosing all for your perusal.

Mike Pillsbury seems to have spent a productive week here after your departure, visiting Self Defense Force facilities in both Hokkaido and Yokosuka and meeting with a wide range of official and non-official Japanese experts on defense. One of my staff members has been in contact with Mike and has sought to assist wherever possible.

Again, my personal thanks for stopping by and for contributing to the symposium in such a positive way. With my best regards,

Sincerely,

MIKE MANSFIELD.

JAPAN-UNITED STATES SEMINAR ON SECURITY

The Japan-U.S. Seminar, held in commemoration of the 20th anniversary of the conclusion of the Japan-U.S. Security Treaty, ended its plenary sessions of two days on the 30th. Thus, the Seminar has actually come to an end. At the Seminar, in regard to the way of Japan's defense efforts in the future, the U.S. side requested Japan to make further efforts, including the revision of Article 9 of the Constitution. Thus, the U.S. showed its deep-rooted dissatisfaction with Japan. Toward this, some Japanese participants made statements which will possibly become connected even with the view calling for revision of the Constitution. However, no participants referred directly to the revision thereof. Also, various speakers at the Seminar admitted the need to make defense efforts.

However, concerning measures to make such efforts, their views were divided, with one group of speakers attaching importance to the strengthening of military power, and with the other group of speakers attaching importance to non-military fields. This brought to light the situation where discussions within Japan have not been fully worked out yet. It seems that at the Seminar, the wideness of the gap between Japan and the U.S., and difficulties in co-ordinating views in Japan have come into the limelight again. The Japanese Government, which aims to increase the amount of defense expenditures in the fiscal 1981 budget, will probably be pressed to carry out coordination with the U.S. and also within Japan on a fuller scale than before.

REAGAN'S POLICIES WATCHED WITH ATTENTION

About 450 interested persons in the political, academic, and business circles of Japan and the U.S. participated in the Seminar held this time. However, the plenary sessions of the Seminar did not show an upsurge sufficiently, because only four members of the U.S. Senate and House of Representatives attended it, with the Presidential election causing a by-effect, and because the Carter Administration at present assumed a cool attitude toward the Seminar. Nevertheless, in Japan, interest was shown in the Seminar for the following reasons:

First, the Japanese Government is showing signs of changing its defense policy, responding to the background situation where the Soviet Union is strengthening Soviet Forces in the Far East and where the U.S. is making a request to Japan. Under this situation, attention was paid to what arguments would be developed as to the ways of Japan's defense efforts in the future by the Japanese side's participants inclusive of all defense-connected influential LDP Diet members, who exert influence on the Government's decisions on policies.

Another reason was that it had been expected that the intention of the U.S., which becomes an important factor when the Japanese Government decides on policies, would be clarified concretely through statements to be made by participants from the US side. Especially at this time when there has appeared the possibility of Republican candidate Reagan's defeating Democratic President Carter in the Presidential election slated for November, statements expected to be made by a total of seven Reagan brain-trusters, including former President Ford, who were sent to the Seminar, became the center of the Japanese side's interest.

When the Seminar started, representatives from political circles in the US urged the Japanese side, using comparatively moderate expressions, to make further efforts for defense, such as, "Global economic power is accompanied by global responsibility. Japan should launch into a steady and significant course for the development of its defense power" (former President Ford). However, representatives, who are experts on the security problem, thrust a request, which Japan cannot accept immediately, at Japan, that is, the revision of Article 9 of the Constitution. Moreover, a majority of these experts on the security problem are Reagan's brain-trusters. The Japanese side was harassed because it was impossible for it to make light of statements made by these experts.

In regard to the US side's view calling for the revision of Article 9 of the Constitution, it calls for the revision of Article 9, which does not approve the exercise of the collective self-defense right, while approving only the individual self-defense right, based on the US side's position that Japan should share the burdens for the defense of the Asian-Pacific region as a whole, not limited to the defense of the Japanese Archipelago. On the part of Japan, if the revision of the Constitution is carried out, it will inevitably give rise to a big political problem. It is viewed that if political unrest is caused in Japan, that will not necessarily be advisable for the US. Even so, the US side referred, in an easy-going manner, to revision of the Constitution. It is felt, on this point, that there is a big gap between Japan and the US.

VIEWS ON HOW TO MAKE EFFORTS DIVIDED

On the other hand, statements made by the Japanese side were in concert, in that they admitted the need to strengthen defense efforts from its standpoint that "Japan's economic power is naturally accompanied by new responsibility" (former Prime Minister Kishi). However, as to ways to strengthen defense efforts, views were divided, which brought to light the fact that discussions on the problem within Japan have not yet ripened. The Japanese side's statements were roughly divided into two ways of thinking, with one way of thinking attaching importance to military power, and with the other way of thinking attaching importance to non-military fields, while excluding military power.

The former way of thinking was represented by former JDA Directors General Mihara and Kanemaru. Mihara responded to the US side's assertion that "Japan should expand its responsibility to defend the whole of the Asian-Pacific region." Kanemaru, too, stressed that "the people's spirit to defend their nation by themselves is the starting point of defense." On the other hand, former JDA Director General Sakata expressed uneasiness as to Mihara's and others' assertions, saying as follows: "The assertion calling for the large-scale and quick strengthening of defense power contains the possibility of breaking the national consensus on security, which consensus is about to be unified, after the making of very great efforts."

Sakata's view is in line with the assertion which former EPA Director General Kosaka stressed, saying as follows: "Japan should make defense efforts, while placing emphasis on non-military fields, such as economic cooperation." DSP Policy Board Chairman Ouchi, one of the few participants from the Opposition Party side, admitted the need to modernize defense power. At the same time, he issued a warning, saying that the following four conditions should be made the premise for the modernization thereof: (1) The promotion of peace strategy; (2) the upholding of principles concerning defense; (3) consideration toward financial circumstances; and (4) the people's consensus.

POSSIBILITY OF ESTABLISHING NATIONAL CONSENSUS BECOMING FAINT

As is clear from the above, there is a rather big gap in the Japanese side's statements, not only between the Ruling and the Opposition Parties, but also even within the LDP. This situation brought to light how difficult it is to co-ordinate views within Japan. Moreover, some Japanese speakers even made proposals which may infringe on the Constitution, such as "the unilateral Japan-US Security Treaty should be revised into a treaty standing on an equal footing" (Mihara), and "among the Three Non-Nuclear Principles, the Principle of not permitting the bringing [of nuclear weapons] into Japan should be re-studied" (former Major General Kenichi Kitamura). As pointed out by Sakata, it was feared that discussions on defense may go to extremes, and that the possibility of establishing a national consensus may become remote. (Reporter Tadahiko NASA)

DIVORCED FROM REALITY; RIGIDIFIED UNDERSTANDING OF INTERNATIONAL SITUATION

(By Tomohisa Sakanaka)

On listening to the discussions at the "Japan-US Seminar," held on the 29th and the 30th, with the participation of Dietmen and Congressmen and researchers on strategic problems of Japan and the US, one received the impression that many of the views on both sides emphasized the threat of the Soviet Union and sought military responses, and that there is a fairly big distance from the sentiments of the people, in general.

Partly because of the fact that many of the Japanese side's participants in the Seminar were persons who had served as JDA Director General or Deputy Director General, and that many of the participants from the US side were also Republican Congressmen who call for a "strong America," and scholars, who support this policy, the keynote of the discussions had a "hawk-like" coloring, calling for a "policy of strength" toward the Soviet Union.

The main-stream of the views of the US side was mainly to view with alarm the situation that the balance of power between the US and the Soviet Union was developing to the advantage of the Soviet side, ranging from nuclear war potential to conventional arms, and the view calling for the Japanese side's "due co-operation" was strong. Toward these views, the view of falling in step with them was conspicuous on the Japanese side too, and such views as that "although Japan will have to depend on the US for nuclear power, it should shoulder primary responsibility for defense in regard to conventional arms" and that "Japan should not formulate its defense plan based on the premise that it can obtain military assistance from the US" were conspicuous.

Still further, in regard to the Japan-US Security Treaty, LDP Security Research Council Chairman Asao Mihara expressed the view that "the Treaty now in force places defense obligations toward Japan on the US, unilaterally and one-sidedly, and this unilateral obligation cannot be continued forever." There were examples of the US side's asserting these points, but it is extremely unusual for the Japanese side, from its side, to assert this unilateral obligation and to advocate a revision.

These points are conceivable as one theory concerning security policies, but do they think that its realization is possible, as an actual policy? It is a source of anxiety, in that they are statements made by politicians, who must give thought to realistic policies.

Another problem is the relationship between our country and the ROK and Taiwan. Shin Kanemaru (former JDA Director General) used the expression, in regard to the Korean Peninsula, that "it is a fuse of danger in Northeast Asia" and pointed out the importance of the position it occupies in the security of our country. In regard to Taiwan, too, he said that "in the case of its being placed under the rule of a communist nation, the effects it will have on our country will be grave." These statements reveal the understanding of seeking the relationship among Japan, the ROK and Taiwan as "inseparably one." Under this kind of awareness, how does he intend to develop our country's policies toward China?

On the US side, Senator Orrin Hatch (Republican) said that "Japan should learn from the experiences of NATO," and listing such points as its immediate-response structure, reinforcements, reserve forces, and maritime defense structure, sought the improvement of Japan's defense structure. Still further, former Secretary of the Navy William Middendorf said that "the MSDF should consider not only the sea areas around Japan alone but also the safety of the shipping lanes far from Japan," and sought the expansion of our country's sea-defense areas. From the Japanese side, even the "dream-like" proposal for the increasing of defense expenditures to about five percent of the GNP, was made.

It is viewed that there is a big gap between these proposals and our country's defense policies. The "Medium-Term Operations Estimate," which the JDA is now planning to promote, is aimed at coping with "limited and small-scale aggression," and it does not

have the defense of the shipping lanes far away from the sea areas around our country as its object. Even the realization of this JDA plan is extremely difficult. The presenting of defense arguments, which are divorced from reality, may even give rise to misunderstandings about our country's intentions for the consolidation of defense power.

There were, of course, some rebuttals toward such defense arguments, divorced from reality. For example, Michita Sakata (former JDA Director General) pointed out that the securing of a national consensus concerning defense continues to remain an important problem, and saying that "a sharp and sudden strengthening of defense power will destroy the national consensus finally coming to be formulated, at long last," sought self-restraint on the parts of both Japan and the US. Tokusaburo Kosaka (former EPA Director General) also pointed out that the Japan-US Security Treaty structure form a framework for international politics in Asia, and reprimanded the arguments for revising the Treaty, saying that "the Treaty is deeply interwoven with the US interests in this area, going beyond the unilateral obligation of the Treaty."

How are we to consider the political meaning of this kind of "Japan-U.S. Seminar" being held? The activation of discussions on security and defense, which had been regarded as a taboo up until now, is an indispensable process in the formation of a national consensus in regard to defense. However, is not the development of security and defense discussions, stemming from a rigidified understanding of the international situation and discussions which are divorced from reality, rather harmful for the formation of a national consensus?

NOT IN QUANTITY, BUT BY NATO METHOD; OMINOUS REQUESTS ALSO APPEAR

Since the Japan-U.S. Security Treaty was concluded, it has been 20 years. On this occasion, the "Japan-U.S. Seminar" was held in Tokyo from the 29th by Japanese and American politicians, businessmen and scholars, and the Seminar ended its substantial discussions on the 30th. It is said that they "showed their real intention to talk with each other" (former JDA Director General Hosoda) over the role which the Security Treaty has so far played and over Japan-U.S. allied relations in the future . . .

While standing on the premise that the Japan-U.S. Security Treaty has been so far greatly helpful to Japan-U.S. relations during the past 20 years, how will both countries handle this Treaty in the future? When the main subject is discussed more and more, discussions cannot but bring today's problems between Japan and the U.S., such as the problem of Japan's defense power build-up, into the limelight.

On the occasion of U.S. Defense Secretary Brown's visit to Japan in January, America's request for Japan's defense efforts flared up. An "Ohira commitment" was given to the request for moving up the achievement of the "Medium-Term Operations Estimate" by one year. Among such busy moves which appeared after entering this year, "it was rather strange that no Japan-U.S. talks of this kind have been held" (U.S. Senator). Therefore, if so many national defense experts gather like this time, it is probably natural for them to try to find out others' intentions.

The Japanese side said, "Our SDF also has weak points. We want frank advice on the points the U.S. notes" (former JDA Director General Kanemaru.) While standing on the percentage of defense spending to the GNP, "Japan should not regard just the increase rate as a problem, but should make efforts for the improvement of real defense power" (DSP Policy Board Chairman Ouchi). The Japanese side, in addition, rebutted, as follows: "The assertion to the effect that (Japan's) defense power should be strengthened on a large scale and rapidly may wreck the people's consensus for the Security Treaty, which consensus is being obtained with much trouble" (Lower House Security Special Committee Chairman Sakata). An interesting reaction from the U.S. side was shown by Senator Orrin Hatch (Republican Party), a member of the Senate Budget Committee. He is a Congressman who is familiar with NATO's defense efforts.

The said Senator said, "1.7 percent of the GNP is good; 2 percent is better. . . . Such an argument is a simple equation that is often used because of ignorance." "Is that so?" With this, we would rather like to feel relieved. But, he said, "The NATO method should replace it." This makes us feel an uneasy premonition.

Senator Hatch insists, "NATO has a nine-item check list for its long-term defense program. Readiness, re-inforcement of troops, mobilization of troops, naval power, command and control, air defense, electronic-warfare capability, making-uniform and standardization of armaments, and improvement of rear-support systems, shall be checked, from time to time, among the allied nations. From now, the percentage to the GNP or the increase rate should not be referred to, but how to use money should be taken up." The JDA seems to be already bewildered by Senator Hatch's opinion on applying the "NATO method" to Japan-U.S. defense co-operation, not at problems such as the moving up of the Medium-Term Operations Estimate or 1 percent of the GNP. "That is a reflex of Congressional moves seeking Japan's real defense efforts within the framework of (a) (the) Japan-U.S.-Europe alliance." This is an explanation about the realities of the method by an American expert who attended the Seminar. Concerning this point, were the Japanese side's line-up former JDA Directors General and Diet members sensitive to accepting it?

It seems that the Japan-U.S. Security Treaty Seminar was participated in by many hawkish Congressmen of both the Republican and Democratic Parties. Some of the Japanese side went along with them much too excessively, and launched their "argument for revision of the Security Treaty" (former JDA Director General Mihara), and "argument for re-view of the three non-nuclear principles" (former Admiral Kenichi Kitamura). A diplomatic source in Tokyo, who was listening to the Seminar, pointed out, in a cool manner, as follows: "If I hear only the opinions of the Japanese side at this Seminar, everything seems to be satisfactory to America. . . ." Only speaking and listening without doing anything while disregarding the people's intentions may be alright if there is no problem. But, the problem of a defense power build-up between Japan and the U.S. has finally entered the crucial moment. Therefore, the Japanese side's participants should not stick to groundless, running-ahead arguments. We think that they seemed to have had the responsibility to convey Japan's position more clearly to the U.S. side. Am I the only one who is worried about the suggestive "Hatch statement," among passing-by-each-other arguments?

FORMER DEFENSE CHIEFS ADDRESS SECURITY SYMPOSIUM: REVISE DEFENSE PACT: MIHARA, KANEMARU

Japan should revise the Japan-U.S. Mutual Security Treaty, break loose from its budgetary and geographical restraints on military matters, and expand its defense operations, according to two former directors general of the Defense Agency.

Speaking Friday at a three-day bilateral symposium to commemorate the 20th anniversary of the security treaty, Asao Mihara, and Shin Kanemaru, both former Defense Agency directors general, engaged the audience with forceful statements that are expected to be highly controversial.

Only hours before, former U.S. President Gerald Ford had said: "All nations dedicated to peace and liberty must make sacrifices," although he added that it would be difficult for Japan to bolster its defense capabilities because of constitutional limitations on military forces.

Another keynote speaker, former Prime Minister Nobusuke Kishi, defended the treaty his administration signed 20 years ago and said the history has proven the treaty to be a "correct" one.

The statements by the two former defense officials are bold departures from the usual "limited self-defense capability only" line taken by Japanese defense analysts both inside and outside the government. The statements are expected to receive wide and controversial responses from the public.

Mihara said there was no "mutualness" in the current security treaty since, although the U.S. was obligated to defend Japan, Japan was not required to do the same. This may have been permissible when Japan's economy was only one-tenth that of the U.S., Mihara said, but today when the ratio is one to two, the treaty needs to be revised.

Mihara further said Japan's security needs required the nation to defend a wider area of the world than just the currently designated corner of the Far East. Japan's defense perimeters extend beyond the Pacific into the Indian Ocean and the Persian Gulf, the former defense official said.

The other former Defense Agency chief, Shin Kanemaru, said Japan's defense capabilities should not be determined by arbitrary mathematical formulas such as the current government policy of restricting defense expenditures to one percent of the GNP.

Kanemaru also said the Japanese defense posture is so weak it cannot be considered a fighting force, and urged the nation to improve drastically its defense forces.

FORD'S ADDRESS

Earlier in the day, in his keynote address, former U.S. President Gerald Ford said, "Japan, within the context of its constitution, should set itself on the course of steady and significant growth in its defense capability."

And in reference to the current trade issues between the two countries, Ford added, "We must try to avoid politicizing specific economic issues and keep problems in the economic sphere from being politically disruptive."

Describing the present world situation as "more grave than at any time after the post-war era," Ford said. "This is due mainly to the relentless and increasing military build-up of the Soviet Union and its aggressive world strategy."

TO HOLD SEMINAR

(LDP, DSP, and New Liberal Club to hold seminar next month in celebration of the 20th anniversary of effectuation of the security treaty; former President Ford and others to be invited; JSP and JCP guarded against taking advantage of defense problem discussions.)

Three parties, that is, the LDP, the DSP, and the New Liberal Club will hold a "seminar in celebration of the 20th anniversary of the effectuation of the US-Japan Security Treaty," with the participation of a supra-partisan US Congressional delegation, including former US President Ford, at a hotel within Tokyo Metropolis, late in August. A decision to that effect was reached at the unofficial talks among the three parties, held on the 30th. The three Parties and a private research center are scheduled to form an Executive Organization Committee on the proposed seminar in celebration of the 20th

anniversary of the effectuation of the US-Japan Security Treaty. Former Prime Minister Nobusuke Kishi and former JDA Director General Asao Mihara are scheduled to be appointed Honorary Chairman and Chairman, respectively. The aim is to celebrate the 20th anniversary of the effectuation of the US-Japan Security Treaty now in force and also to discuss the future of US-Japan relations. Former President Ford will deliver a keynote speech, titled "US-Japan Alliance—the Past and the Next Two Decades" (tentative name). Former JDA Director General Mihara explained the purpose, saying as follows: "At this time when we are facing a new cold-war age of multi-polarization, it is very significant for Japanese and US Parliamentarians to exchange frank views on the way of US-Japan relations, with a scholars group also attending." However, the JSP and the JCP are strengthening their sense of guardedness, from the stand that it may be a demonstration for the purpose of strengthening the US-Japan Security Treaty, taking advantage of the upsurge of the people's interest in the Treaty.

The proposed US-Japan Seminar will be held at the Palace Hotel in Tokyo, for three days from August 29. Participants from the US side will be former President Ford; former Presidential Special Assistant for National Security Scowcroft; six influential Congressional members, including Republican Senator Hatch and Democratic Party Representative Stratton; and representatives of five private research organizations, that is, the Heritage Foundation, the Georgetown University Strategic Research Center, the Diplomatic Policy Research Institute at the University of Pennsylvania, the American Relations Research Institute, and the Stanford Research Institute Strategic Research Center. The Japanese side will be represented by persons of learning from the Japan Security Research Center (Managing Director: Hideaki Kato), centering on "big-name" Diet members, including Kishi, former Prime Ministers, former Foreign Ministers, and former JDA Directors General.

At the first-day session of the U.S.-Japan Seminar, former President Ford and former Prime Minister Kishi will deliver their respective keynote speeches. At the second-day session, panel discussions will be conducted between Senators and members of the House of Representatives of the U.S. and Diet members of the LDP, the DSP, and the New Liberal Club. On the final day, comprehensive debates, including scholars, are planned to be conducted. Talks are also scheduled to be held on the method of conducting U.S.-Japan joint research in next year and after. The main subject matter will be the way of U.S.-Japan relations, with the U.S.-Japan Security Treaty as the axis. It seems that the Japanese Diet and the U.S. Congress will clarify each other's views. It is also observed that views will be actively exchanged on the analysis of the international situation, including the Afghanistan problem, Indochina, and the Korean Peninsula; the Pacific Basin concept of Japan, and former President Ford's concept for forming a "large-scale alliance among the free nations," which will connect NATO with the U.S.-Japan Security Treaty.

To begin with, the holding of the proposed U.S.-Japan Seminar had been planned mainly by the U.S.-Japan Security Research Center, with June 23, or the 20th anniversary of the effectuation of the existing U.S.-Japan Security Treaty, as the target time. However, it was postponed, due to the change in the political situation in May and the subsequent elections in June.

Moreover, the Executive Organization Committee has been established, so as to enable a wide range of Japanese and U.S. Parliamentarians to participate [in the proposed Seminar]. The U.S. side is also said to be showing deep interest in the U.S.-Japan Seminar. The "Resolution Concerning the Celebration of the 20th Anniversary of the Effectuation of the U.S.-Japan Security Treaty" [to be submitted] by U.S. Senator Hatch is also scheduled to be adopted at the Senate. It is said that the participants' written reports, which will be submitted [to the Seminar], will also be included in the book of minutes by U.S. Congressional members.

ADOPTION OF JERUSALEM BILL WILL VIOLATE UN RESOLUTIONS; FOREIGN MINISTRY EXPRESSES VIEW CRITICAL OF ISRAEL

In regard to the point that the Israeli Knesset has approved the Jerusalem Basic Bill calling for the annexation of Eastern Jerusalem, the Foreign Ministry expressed the following view critical of Israel on August 1: (1) It will violate various UN Resolutions, and Japan cannot accept it; and (2) such an action will worsen the atmosphere calling for settling the Middle East peace problem through talks, and it will also endanger the results of the efforts devoted to attain peace.

In this view, the Foreign Ministry first clarified Japan's stand of opposition to the proposed annexation of Eastern Jerusalem, in connection with the adoption of the Bill, which declares Eastern and Western Jerusalem the capital of Israel, and it said as follows: "This means a legal confirmation of the annexation of Eastern Jerusalem, which was occupied during the war in 1967. Such an action, which will unilaterally change the legal status of the occupied territory, will violate the various UN Resolutions concerned, and Japan finds it impossible to approve it."

Secondly, it said that this action by Israel "will not only worsen the atmosphere calling for settling the Middle East peace problem through talks, but will also endanger the results of the efforts devoted (so far) to attain peace." So saying, it criticized Israel.

JAPAN-US SEMINAR ON SECURITY HAS MADE US REALIZE IMPORTANCE OF SECURITY TREATY AGAIN

The Japan-US Seminar, held under the title of "Japan-US Alliance 20 Years Hence" in Tokyo, in commemoration of the 20th anniversary of the conclusion of the Japan-US Security Treaty, has ended.

The Seminar was held for three days for the purpose of reviewing the role which the Japan-US Security Treaty has so far fulfilled, and discussing how to establish Japan-US relations of alliance in the future, centering on Dietmen and Congressional members in Japan and the US and scholars.

As a result, the importance of the Japan-US Security Treaty was confirmed again. It was also confirmed that it was basically due to the Treaty that Japan has been able to achieve its economic prosperity after the War, to that extent, and that it has been able to maintain peace. It is thought that on this occasion, we should realize again that the Security Treaty affects the vitally important interests of Japan.

In regard to the role which the Japan-US Security Treaty has fulfilled, without waiting for former President Ford's keynote speech, which referred to it, it is true that "no bilateral treaty has been successful to that extent, and it has been greatly contributing toward stability in the Pacific region." At this time when the military threat of the Soviet Union is increasing, it is probably natural for us to strengthen the Security Treaty, which is the basis of Japan-US relations, as pointed out in the conclusion of the Seminar, and to endeavor to realize solidarity as to the alliance of the West.

What was conspicuous in the Seminar this time was that both Japan and the US based themselves on the "argument calling for the balance of power," with the threat of the Soviet Union as the premise, and that they both took the way of thinking that as long as the Soviet Union is strengthening its military power, it is impossible for the West to watch the situation idly.

For this reason, the U.S. side strongly requested Japan to strengthen its defense power. It also made a request to Japan, saying, "Japan, an economic big power, should fulfill a role which is suitable for its position as a member of the West." A majority of the Japanese participants advanced the view affirmative of the U.S. side's request. It is desirable to establish a national consensus in such a direction.

The reason is that, from the example of arguments on the ratio of defense expenditures of the GNP, which arguments are the easiest to understand, it is impossible to say that Japan is fulfilling its responsibility and role as a member of the Western World, when Japan alone spend 0.9 percent of its GNP as defense costs, in view of the present situation where the Soviet Union throws in as much as 13 percent every year, and the U.S., Britain, and West Germany appropriate 5 percent, 4.7 percent, and 3.4 percent, respectfully.

However, it is possible to understand hasty arguments advanced by the U.S. side, such as, "Japan should possess aircraft carriers," and "in the case of emergency, Japan should equip submarines with nuclear missiles," when they are regarded as the bringing up of the problem. However, when the present situation in Japan is taken into consideration, it is impossible to affirm these arguments. The reason is that the national consensus has not reached that stage yet.

The same thing can be said as to the Japanese side. Former JDA Secretary General Mihara asserted that the Japan-U.S. Security Treaty should be revised so as to change its unilateral nature and develop it into an equal relationship, and he thus threw one stone at discussions on the Security Treaty in the future. It is true, beyond doubt, that, from the one example of the way of the Japan-U.S. Security Treaty, the realm of the defense of Japan has spread, and that it has become impossible to cope with the problem with the concept of the Far East region set forth in the present Treaty.

The revision of the Security Treaty, however, is a very difficult political task, the same as the revision of the Constitution. If the national consensus, which has so far been established, is to be upset from hastiness, nothing will be gained.

INCREASE IN DEFENSE BUDGET AS SOLE MEANS NO LONGER PASSES; JAPAN-US SECURITY TREATY; PRESSED FOR RE-CONSIDERATION

Moves in the US Congress for re-evaluating the Japan-US Security Treaty, which has come to the surface in the course of the request for the strengthening of Japan's defense power, contain a possibility of greatly affecting Japan-US political relations in the early half of the 1980's. If Republican Candidate REAGAN is elected in the Presidential election this year, the possibility will be further amplified, intertwined with the moves in the US Congress, especially the Senate, in favor of conservatism.

The Sankei Shimbun reported the incident of the dismissal of Dr. PILSBURY in detail, in the autumn of the year before last. This is the incident in which Dr. PILSBURY, who visited Japan and the ROK, as a staff member on the problem of security for the US Senate Budget Committee, in order to survey subjects connected with defense cooperation as a link in consultations for the national defense budget by the Committee, was dismissed from the Budget Committee, through Senate Budget Committee Chairman

MUSKIE (incumbent Secretary of State), by US Ambassador to Japan MANSFIELD, who opposes the the Doctor's view which seeks the strengthening of Japan's defense power. Now, the US Government will take the initiative in requesting Japan to strengthen its defense power, which request was the focal point of the problem. Thus, US Ambassador to Japan MANSFIELD "apologized" to Dr. PILSBURY when the Ambassador returned to Washington temporarily on the occasion of the Japan-US Summit Conference in May, this year.

Under the circumstances, the US Congress is intensifying its moves for looking into digging into not only the problem of defense expenditures alone but also the Japan-US Security Treaty in detail, which moves, according to some opinions, will solidify cooperation with Japan further.

The adoption of the resolution which is connected with the Japan-US Security Treaty is only a "tip of an iceberg." Such moves will be even further intensified, depending upon the moves of the international situation, henceforth. The way of thinking that US pressure upon Japan will be dodged somehow if a gradual increase is shown in its defense budget will become difficult to pass, by degrees. It seems that Japan will be pressed by the necessity to review its security policy from the bottom.●

NOMINATION OF STEPHEN G. BREYER TO BE A JUDGE ON U.S. COURT OF APPEALS FOR THE FIRST CIRCUIT

● Mr. PELL. Mr. President, the Senate may soon consider the nomination of Stephen G. Breyer to be a judge on the U.S. Court of Appeals for the First Circuit, a court which is our Nation's second highest Federal court, second only to the U.S. Supreme Court.

At the outset, I want to make clear that I believe Mr. Breyer is fully qualified to serve as a member of that court, and I will not oppose his confirmation by the Senate.

Having said that, however, I must also make clear my own deep personal disappointment that a citizen of Rhode Island has not been nominated for the vacant seat on this important court. My State not only merits representation on the court, but fully deserves it. I consider it very unjust that Rhode Island is being denied that representation.

As I have repeatedly pointed out to this administration over a period of the last 3½ years, Rhode Island was represented on the first circuit court of appeals by very able jurists with few interruptions from 1884 until 1976 when Judge Edward M. McEntee retired. In addition to this long tradition, Rhode Island is the source of a significant and growing proportion of the cases decided by the first circuit court of appeals.

Furthermore, Rhode Island has a corps of highly skilled and experienced judges and lawyers who would bring distinction to the court of appeals.

This administration, which has been fair and helpful to Rhode Island in so many areas and in so many ways, has been very unfair to my State in this one area. In fact, twice during the past 3 years I have had to personally intercede with the Attorney General to insure that Rhode Island candidates would be even considered in making selections for vacancies on this Court.

Furthermore, Mr. Presient, I am dismayed at the highly unusual manner in which this nomination was decided upon.

As a candidate for President in 1976, then Governor Carter spoke eloquently and convincingly of the need to eliminate the political spoils system in the selection of Federal judges and pledged to do all in his power to institute a system of merit selection.

As President, he followed through on that pledge by creating judicial nominating panels around the country to recommend qualified candidates for vacancies on the court of appeals. One such panel was created for the first circuit and its membership has included many prominent citizens, both members of the bar and lay men and women, from the States which comprise the first circuit. Among them are two distinguished Rhode Islanders, the Most Reverend Thomas Peterson, O.P., president of Providence College, and Rae Condon, a prominent member of the Rhode Island bar.

Despite the wealth of talent on this panel and despite the careful and judicious manner in which the panel went about its work, the administration has twice summarily rejected its entire lists of recommendations, apparently because of political considerations.

Mr. President, I can only add that the record of this administration in regard to the first circuit court of appeals has been a sorry one.

In the years ahead, the goal of Rhode Island representation on this court will remain paramount to me and I will do all in my power to persuade the new Republican administration or a subsequent administration to grant Rhode Island the representation on the court which it deserves.●

RECOGNITION OF MR. HEFLIN TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. HEFLIN be recognized for not to exceed 15 minutes on tomorrow morning following the recognition of the two leaders under the standing order.

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

SUPERFUND LEGISLATION

Mr. ROBERT C. BYRD. Mr. President, it will be the intention of the leadership to take up on tomorrow the superfund legislation. I hope Senators will be prepared to manage the bill and offer amendments, if they have such thereto.

I expect rollcall votes on tomorrow and Friday.

ORDER FOR RECESS FROM FRIDAY TO 9 A.M. SATURDAY

Mr. ROBERT C. BYRD. I ask unanimous consent that when the Senate completes its business on Friday it stand in recess until the hour of 11 o'clock on Saturday morning.

Mr. STEVENS. Mr. President, reserving the right to object—Saturday?

Mr. ROBERT C. BYRD. Yes.

Mr. STEVENS. I shall not object. I hope to talk my good friend out of that endeavor, but I shall not object.

The PRESIDING OFFICER. Is there objection?

Mr. STEVENS. No objection.

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that rather than 11 a.m. the convening hour on Saturday be 9 a.m.

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

BILL HELD AT THE DESK

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. STEVENS, I ask unanimous consent that the message from the House on H.R. 5108, relating to certain Alaska Natives in Metlakatla Indian Community, be held at the desk pending further disposition.

The PRESIDING OFFICER. Is there objection?

Mr. STEVENS. I thank my good friend.

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

RECESS UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 10 o'clock tomorrow morning.

The motion was agreed to; and, at 5:36 p.m. the Senate recessed until Thursday, November 20, 1980, at 10 a.m.

HOUSE OF REPRESENTATIVES—*Wednesday, November 19, 1980*

The House met at 10 a.m.

The SPEAKER. We have the great honor of having Rev. John Harper, the rector of St. John's Church, to offer the prayer today. All of us know this as the Church of the Presidents in Washington, D.C.

The Reverend John Harper.

The Reverend John Harper, rector of St. John's Church, Washington, D.C., offered the following prayer:

Disturb us, Lord, when we are too well pleased with ourselves, when our dreams have come true because we dreamed too little, when we arrived safely because we sailed too close to the shore.

Disturb us, Lord, when with the abundance of things we possess, we have lost our thirst for the waters of life; when having fallen in love with life, we have ceased to dream of eternity; and in our efforts to build the new Earth, we have allowed our vision of the new heaven to dim.

Stir us, Lord, to dare more boldly, to venture on wider seas, where storms will show your mastery; where losing sight of land, we shall find the stars. We ask you to push back the horizons of our hopes, and push us into the future in strength, courage, hope, and love.—Attributed to R. L. Darwall, chaplain, Cranbrooke School, Michigan.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

THE REVEREND DR. JOHN HARPER, RECTOR OF ST. JOHN'S CHURCH

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, I am pleased to welcome to the House of Representatives as our guest chaplain, the Reverend Dr. John C. Harper, and thank him for his opening prayer.

Dr. Harper is the rector of historic St. John's Church located on Lafayette Square here in Washington, D.C. St. John's is known as "The Church of the Presidents" because every President of the United States since Madison has attended services there.

Dr. Harper, a native of Massachusetts, served in the Navy as a line officer in World War II, was graduated from Harvard University and the Episcopal Theological School. He has been awarded the honorary degree of divinity from George Washington University.

Dr. Harper has served with distinction as rector of the Church of Presidents since 1963 and has been active in numerous community activities.

We are honored that Dr. Harper is our chaplain for the day.

ELECTION AS MEMBER OF COMMITTEE ON FOREIGN AFFAIRS

Mr. FOLEY. Mr. Speaker, as chairman of the Democratic Caucus, and by the authority and direction of the Democratic Caucus, I send to the desk a privileged resolution (H. Res. 812) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 812

Resolved, That the following-named Member be, and is hereby, elected to the following standing committee of the House of Representatives:

Committee on Foreign Affairs: George W. Crockett, Jr., Michigan, to rank after Mr. Wolpe of Michigan.

The resolution was agreed to.

A motion to reconsider was laid on the table.

RESIGNATION AS TEMPORARY MEMBER OF COMMITTEE ON FOREIGN AFFAIRS

The SPEAKER laid before the House the following resignation as a temporary member of the Committee on Foreign Affairs:

NOVEMBER 18, 1980.

Hon. THOMAS P. O'NEILL, Jr.,
Chairman, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I hereby resign as a temporary member of the House Foreign Affairs Committee effective November 19, 1980.

Sincerely,

FLOYD FITHIAN,
Member of Congress.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

JUVENILE JUSTICE AMENDMENTS OF 1980

Mr. ANDREWS of North Carolina. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6704) to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to extend the authorization of appropriations for such act, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from North Carolina.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. FOLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 326, nays 6, answered "present" 1, not voting 99, as follows:

[Roll No. 642]

YEAS—326

Abdnor	Dannemeyer	Hall, Tex.
Addabbo	Daschle	Hamilton
Akaka	Davis, Mich.	Hammer-schmidt
Albosta	de la Garza	Hance
Alexander	Dellums	Hanley
Anderson, Calif.	Derrick	Hansen
Andrews, N.C.	Derwinski	Harkin
Andrews, N.Dak.	Devine	Hawkins
Annunzio	Dicks	Hefner
Anthony	Dingell	Hightower
Archer	Dixon	Hillis
Ashbrook	Dornan	Hinson
Aspin	Downey	Holland
Atkinson	Duncan, Oreg.	Hollenbeck
AuCoin	Duncan, Tenn.	Holt
Badham	Early	Hopkins
Bafalis	Edgar	Horton
Bailey	Edwards, Ala.	Howard
Barnard	Edwards, Calif.	Hubbard
Barnes	Edwards, Okla.	Huckaby
Bedell	Emery	Hughes
Bellenson	English	Hutchinson
Benjamin	Erdahl	Hutto
Bennett	Erlenborn	Hyde
Bereuter	Ertel	Ireland
Biaggi	Evans, Del.	Jacobs
Bingham	Evans, Ga.	Jeffords
Blanchard	Evans, Ind.	Jeffries
Boland	Fascell	Jenkins
Boner	Fazio	Johnson, Calif.
Bonior	Fenwick	Jones, N.C.
Bonker	Ferraro	Jones, Okla.
Bouquard	Findley	Jones, Tenn.
Bowen	Fish	Kastenmeier
Brademas	Fisher	Kazen
Breaux	Fithian	Kildee
Brinkley	Flippo	Kogovsek
Brodhead	Foley	Kostmayer
Broomfield	Forsythe	Kramer
Broyhill	Fountain	Lagomarsino
Buchanan	Fowler	Latta
Burton, Phillip	Frenzel	Leach, Iowa
Butler	Frost	Leach, La.
Campbell	Fuqua	Leath, Tex.
Carney	Gaydos	Lee
Carr	Gephardt	Lehman
Carter	Giaimo	Leland
Cavanaugh	Gibbons	Lent
Clausen	Gilman	Levitas
Cleveland	Gingrich	Lewis
Clinger	Glickman	Livingston
Coelho	Goldwater	Loeffler
Coleman	Gonzalez	Long, La.
Collins, Tex.	Goodling	Long, Md.
Conable	Gore	Lott
Conte	Gradison	Lowry
Conyers	Gramm	Lujan
Corcoran	Grassley	Luken
Coughlin	Gray	Lundine
Courter	Green	McClory
Crockett	Grisham	McDade
D'Amours	Guarini	McEwen
Daniel, R. W.	Gudger	McHugh
Danielson	Guyer	McKay
	Hagedorn	McKinney

□ This symbol represents the time of day during the House Proceedings, e.g., □ 1407 is 2:07 p.m.

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

Madigan	Pickle	Steed
Maguire	Porter	Stenholm
Markey	Preyer	Stewart
Marks	Price	Stockman
Marlenee	Quayle	Stokes
Marriott	Quillen	Stratton
Martin	Rahall	Studds
Mathis	Railsback	Stump
Matsui	Ratchford	Swift
Mattox	Regula	Symms
Mazzoli	Rouss	Synar
Mica	Rhodes	Tauke
Michel	Rinaldo	Tauzin
Mikulski	Ritter	Thomas
Miller, Calif.	Robinson	Traxler
Miller, Ohio	Rose	Trible
Mineta	Rostenkowski	Udall
Minish	Roth	Van Deerlin
Moakley	Rousselot	Vander Jagt
Mollohan	Roybal	Vanik
Montgomery	Royer	Vento
Moore	Rudd	Volkmer
Moorhead, Calif.	Russo	Walgren
	Sawyer	Walker
Moorhead, Pa.	Schauer	Watkins
Mottl	Schroeder	Weaver
Murphy, Ill.	Schulze	Weiss
Murphy, Pa.	Sebelius	White
Musto	Seiberling	Whitley
Myers, Ind.	Sensenbrenner	Whittaker
Natcher	Shannon	Whitten
Nelson	Sharp	Wilson, Tex.
Nichols	Shuster	Winn
Oakar	Simon	Wirth
Oberstar	Smith, Iowa	Wolpe
Obey	Smith, Nebr.	Wright
Panetta	Snowe	Wyatt
Pashayan	Snyder	Wylie
Paul	Solarz	Yates
Pease	Spence	Yatron
Pepper	Stack	Young, Fla.
Perkins	Staggers	Young, Mo.
Petri	Stangeland	Zablocki
Peyser	Stanton	Zeferetti

NAYS—6

Bauman	Dickinson	Lungren
Crane, Philip	Lloyd	Mitchell, Md.

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—99

Ambro	Fary	Patten
Anderson, Ill.	Florio	Patterson
Applegate	Ford, Mich.	Pritchard
Ashley	Ford, Tenn.	Pursell
Baldus	Garcia	Rangel
Beard, R.I.	Glnn	Richmond
Beard, Tenn.	Hall, Ohio	Roberts
Bethune	Harris	Rodino
Bevill	Harsha	Roe
Boggs	Heckler	Rosenthal
Boiling	Heftel	Sabo
Brooks	Holtzman	Santini
Brown, Calif.	Ichord	Satterfield
Brown, Ohio	Jenrette	Shelby
Burgener	Johnson, Colo.	Shumway
Burlison	Kelly	Skelton
Burton, John	Kemp	Solomon
Byron	Kindness	Spellman
Chappell	LaFalce	St Germain
Cheney	Lederer	Stark
Chisholm	McCloskey	Taylor
Clay	McCormack	Thompson
Collins, Ill.	McDonald	Ullman
Corman	Mavroules	Wampler
Daniel, Dan	Mitchell, N.Y.	Waxman
Cotter	Moffett	Whitehurst
Crane, Daniel	Murphy, N.Y.	Williams, Mont.
Davis, S.C.	Murtha	Williams, Ohio
Deckard	Neal	Wilson, Bob
Dodd	Nedzi	Wilson, C. H.
Donnelly	Nolan	Wolff
Dougherty	Nowak	Wydler
Eckhardt	O'Brien	Young, Alaska

□ 1020

Mr. WALKER changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 6704, with Mr. GORE in the chair.

□ 1030

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from North Carolina (Mr. ANDREWS) will be recognized for 30 minutes, and the gentleman from Missouri (Mr. COLEMAN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. ANDREWS).

Mr. ANDREWS of North Carolina. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, today the Committee on Education and Labor presents H.R. 6704, the Juvenile Justice Amendments of 1980. Its purpose is to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to extend the authorization of appropriations for the act and for other purposes.

H.R. 6704 represents a strong bipartisan effort. In that regard, I would like to thank my distinguished colleague from Missouri (Mr. COLEMAN), the ranking minority member of the Subcommittee on Human Resources, who has joined me as a sponsor of the bill. The other members of the subcommittee also deserve special thanks for their efforts during the hearings and markup sessions on the bill. At this point, I would be remiss if I did not as well express my appreciation to the distinguished chairman of our committee, the Honorable CARL PERKINS, as well as to my other colleagues who joined me in sponsoring H.R. 6704: Mr. HINSON, Mr. KILDEE, Mr. HAWKINS, Mr. RAILSBACK, Mr. CORRADA, Mr. STACK, Mr. KOGOVSEK, and Mrs. CHISHOLM.

As you can tell, cooperation on both sides of the aisle has been considerable. H.R. 6704 was reported out of subcommittee unanimously and on April 22, 1978, the full committee favorably reported the bill, as amended, by a rollcall vote of 32 to 0.

As reported out of committee, the Juvenile Justice Amendments of 1980 extend the Juvenile Justice and Delinquency Prevention Act of 1974 for 4 additional years at currently authorized levels of funding. Title III of the act, known as the Runaway and Homeless Youth Act, is also extended for 4 additional years at its presently authorized funding level.

While the bill makes only modest changes in an act the committee believes is working well, it does provide that an additional purpose of the act is to assist States and localities in removing juveniles from jails and lockups intended for adults. It further establishes, as a policy of the Congress, that methods of preventing and reducing delinquency should include those with a special focus on maintaining and strengthening the family. In numerous places throughout the bill, it is also provided that additional attention should be paid to the problem of juveniles who commit serious crimes.

Under H.R. 6704, Federal administration of the Juvenile Justice Act has been streamlined. The size of the National Advisory Committee has been reduced. For the first time, limits have been placed on authorized appropriations for the National Advisory Committee and the Federal Coordinating Council on Juvenile Justice. The use of consultants has been limited and the Office of Juvenile Justice and Delinquency Prevention has been separated from the Law Enforcement Assistance Administration, to remain within the Justice Department.

The committee bill continues to recognize juvenile crime as primarily a State and local problem. With that in mind, nearly two-thirds of all appropriations are directed to State and local government programs through formula grants to voluntarily participating States. H.R. 6704 adds new eligible program areas for working with juvenile gangs and training law enforcement and juvenile justice personnel to recognize and more effectively treat learning disabled and other handicapped youngsters who come in contact with the juvenile justice system.

At the urging of the Attorney General and a large number of national groups, including the American Bar Association, the National Council of Juvenile Court Judges, the National Sheriffs Association, the National Association of PTA's, the National Council of Jewish Women, and the National Association of Counties, to mention only a few, H.R. 6704 requires that States who participate in the formula grant program agree, within 5 years, to remove juveniles from jails and lockups intended for adults. Two additional years would be available for States who substantially comply within the first 5 years.

With regard to "special emphasis" or discretionary programs, H.R. 6704 makes only slight modifications. For the first time, the administrator will be required to make such assistance available on an equitable basis to deal with the problems of disadvantaged and minority youth.

H.R. 6704 broadens the scope of the runaway youth program to provide that it serve other homeless youth as well as runaways. Two additional program authorities are provided: One to address the needs of chronic runaways and the second to provide training to improve treatment of learning disabled and other handicapped youth.

Mr. Chairman, the committee is pleased to present this act today for consideration by the House. We believe that it provides a program that deserves the continued support of the Congress.

Mr. COLEMAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the bill before the House today enjoys strong bipartisan support. H.R. 6704 was reported by the Committee on Education and Labor by a vote of 32 to 0. This vote confirms the fact that the bill is a realistic, sound approach toward reauthorizing a Federal program which has proven its worth since its original enactment.

H.R. 6704 represents a refinement of existing law rather than a comprehensive revision of it. In reauthorizing the

Juvenile Justice and Delinquency Prevention Act, the Committee on Education and Labor sought to strengthen and clarify existing law without significantly expanding either the size or purposes of the program. Several basic legislative goals guided the committee, which will strengthen the Juvenile Justice Act over the next 4 years:

First. The accountability of the Federal administering agency, the Office of Juvenile Justice and Delinquency Prevention, is increased as a result of a restructuring of the position of that office within the Department of Justice. Under existing law, OJJDP is included as a part of the Law Enforcement Assistance Administration. This structure has resulted in confused lines of authority and in a lack of accountability to Congress.

Under the new structure legislated in the bill, the Office of Juvenile Justice and Delinquency Prevention is established as a separate, self-sufficient office within the Office of Justice Assistance, Research and Statistics. The Administrator of OJJDP will be directly responsible for the implementation of the Federal juvenile justice program authorized under title II of this bill. This change will result in a significant enhancement of the ability of Congress to oversee the operations of the office.

Second. The bill reduces the paperwork requirements placed on States participating in the juvenile justice formula grant program. Under existing law participating States are required to submit a juvenile justice plan on an annual basis. H.R. 6704 modifies this requirement by limiting such a submission to but once every 3 years.

Third. The bill provides more flexibility to the States to carry out their responsibilities. Most importantly, the definition of "substantial compliance" with the act's prohibition on the incarceration of status and nonoffenders is changed to more realistically reflect the purposes of the act. Under existing law, a level of 75 percent deinstitutionalization is required without differentiating between detention facilities, where a juvenile may be held for only a few hours, and correctional facilities, where longer periods of incarceration must be served. H.R. 6704 recognizes that the deinstitutionalization provisions of the Juvenile Justice Act have the greatest impact on secure correctional facilities.

For this reason, H.R. 6704 permits States which have achieved 100 percent deinstitutionalization of their correctional facilities to be considered to be in "substantial compliance" with the applicable provisions of the act. This sensible change will permit many States which are making good-faith efforts to comply with the act's requirements to continue receiving juvenile justice funds. I should point out that the deinstitutionalization provisions that all States must comply with in their 5th year of participation under the act is unchanged by this legislation.

Fourth. Programs implementing projects relating to juvenile delinquency and learning disabilities are made eligible to receive funds by H.R. 6704. Under these programs it is possible to provide on-the-job training to assist law enforcement and juvenile justice personnel to more effectively recognize and provide for learning disabled and other handicapped youths.

Fifth. The bill also keeps the lid on the potential expansion of the Federal juvenile justice effort. I am pleased to say that H.R. 6704 contains a level authorization level for both the juvenile justice and runaway and homeless youth programs authorized under the bill for all 4 years of the authorization period. This feature commits Congress to keeping the State and local level where it properly belongs.

H.R. 6704 will insure that the Juvenile Justice and Delinquency Prevention Act will continue to be cost effective and in the best interests of State and local governments. The responsibility for the problem of juvenile delinquency must ultimately be met at the State and local level. The Federal juvenile justice program embodies the commitment of our society to prevent juvenile delinquency. The involvement of juveniles in serious offenses has been on the increase throughout the last decade. If this trend is to be reversed, State and local governments will have to have a better understanding of the causes of delinquency and how to deal with them.

It is in providing guidance in addressing this need that the Juvenile Justice Act has been successful. Research into juvenile delinquency has demonstrated that work and recreational opportunities provided by community-based organizations can go a long way toward preventing delinquency. The Juvenile Justice Act therefore authorizes the use of funds for such projects. Research shows that better trained probation, law enforcement, and juvenile justice personnel are better equipped in identifying the needs and problems of juveniles.

The Juvenile Justice Act therefore authorizes the funding of such tra'n'ng. Research also shows that youths "pushed-out" or "dropping out" of school tend to become involved in delinquency. The Juvenile Justice Act therefore authorizes the use of funds for programs to keep these youths in school or in some alternative learning situation.

All of these prevention activities in the act are supplemented by provisions to improve the treatment of juveniles who come into contact with the law. Research has demonstrated that exposing juveniles to the environment of adult jails has adverse effects on them—both in terms of their becoming involved in further delinquent and criminal acts and in terms of preserving their physical and mental well-being. The Juvenile Justice Act addresses the problems of the juvenile placed in a secure detention or correctional facility by requiring "sight and sound" separation of juveniles from adults housed in the same secure facility. In H.R. 6704, a new mandate is added which requires the complete removal of all juveniles from adult jails and lockups within a maximum of 7 years after the date of enactment.

In theory, this new requirement is an important step forward in compassionately and effectively addressing the special needs of incarcerated juveniles. Unfortunately, however, Congress is being asked by the administration to add this new requirement without adequate information.

Both the cost to the States and the effect on State juvenile justice practices are unknown. Later today I will offer an amendment to correct this lack of information while at the same time preserving the important step forward brought about the complete removal requirement.

My amendment modifies this requirement by directing the Administrator to promulgate regulations "which recognize the special needs of areas characterized by low-population density with respect to the detention of juveniles." The amendment permits the temporary detention of juveniles accused of serious crimes against persons in adult facilities, subject, of course to the existing sight and sound separation requirement, only if there is no existing acceptable alternative placement available. The amendment also requires a report and recommendations be made to Congress within 18 months after enactment on the cost and effects of the complete removal requirement. This amendment addresses the concern of States across the Nation that the complete removal requirement will force them to begin the construction of new jails at a tremendous cost.

A second concern with H.R. 6704 arises from a provision struck from the bill during committee markup. During subcommittee markup I successfully offered an amendment to H.R. 6704 which altered the existing requirement of the act that participating States agree not to incarcerate status and nonoffenders after a maximum of 5 years after beginning participation in the formula grant program. As a general requirement, this provision has received widespread support from the juvenile justice community, including juvenile court judges.

The problem with the provision is that it allows for no exceptions. Simply put, the Juvenile Justice Act presently ties the hands of juvenile court judges in States participating under the act. In these States, juvenile court judges can do nothing to a juvenile who simply ignores the order given to him or her as a result of a status offense which brought them before the court. The net effect of this provision is that the respect that juveniles have for juvenile and family courts is diminished.

The amendment which was removed from the bill during full committee markup will be offered again today by the gentleman from Ohio (Mr. ASHBROOK). The purpose of this amendment is to strengthen the "bottom-line" authority of juvenile courts so they will be perceived as serious institutions by juveniles appearing before them. The amendment operates by allowing judges to incarcerate juveniles who are "in violation of a valid court order." The intention of the amendment is to focus on those juveniles who, for one reason or another, fall into the category of being unamenable to any other court disposition. Because the amendment limits the exception to those juveniles who have violated a valid court

order, only those juveniles who are appearing before a court for at least the second time would be subject to this exception.

I think nearly every Member of this House would agree with me, that juvenile justice is properly a State function. In requiring the States to adopt certain practices relating to their juvenile courts, Congress sought to improve the treatment of juveniles in the States. Congress did not seek to remove the authority of State courts to deal with the problem of juvenile delinquency. For this reason, the adoption of the amendment allowing for the incarceration of juveniles in violation of a valid court order will return the full authority vested in State courts under their State constitutions to the State courts.

Mr. ANDREWS of North Carolina. Mr. Chairman, I yield 2 minutes to the gentleman from Puerto Rico (Mr. CORRADA).

Mr. CORRADA. Mr. Chairman, I rise in support of the Juvenile Justice Amendments of 1980, H.R. 6704. This is a strong piece of legislation which through bipartisan support succeeds in extending and improving the provisions of the Juvenile Justice and Delinquency Prevention Act of 1974.

The rate of serious and violent crime by juveniles has risen markedly in the last decade although it appears to have peaked and begun a slight downward trend in the past several years. Thousands of youth who could be handled more effectively by other service delivery systems are unnecessarily processed through the juvenile justice system each year. Many times the result of this is merely labeling the juvenile as a delinquent or status offender rather than providing help for his or her problem.

Through the Juvenile Justice and Delinquency Prevention Act, funds, technical assistance, and research information is provided to assist in the development of alternatives to the traditional juvenile justice system. State and local governments, private nonprofit agencies and volunteer groups are encouraged to seek more effective means of addressing the needs of these juvenile offenders. Alternatives to incarceration are being developed to serve high risk offenders—the majority of which are urban, poor, and of minority background. The need to attack crime at its roots is obvious, and this legislation would continue a program which has been most successful in early rehabilitation of youthful offenders.

Recognizing the detrimental effect of allowing close contact with convicted criminals, this act requires participating States to remove juveniles from adult jails. Also prohibited is placement of status offenders and nonoffenders such as dependent or neglected children in secure detention or correctional facilities. These changes have not been accomplished as easily or as quickly as we would hope, but there has been visible progress toward compliance with these provisions, which will be reinforced through extension of current law.

Whereas sound and sight separation of adults from juveniles is currently mandated, total removal of the juvenile from adult jails is not required. Jails and lockups have been constructed for adults; they were not intended for children, and staff is not trained to deal with children. Moreover, the separation of juveniles and adult offenders in most of the Nation's jails and lockups is very costly to achieve and may be architecturally impossible. Juveniles are often placed in the most undesirable parts of the facilities, such as solitary cells and drunk tanks. There is no guarantee that children held in jails, though separated from adults, will receive even the minimal services required to meet their special needs. If we are truly serious about ameliorating the status of the juvenile offender, we must expand this legislation to require compliance with the intents behind the concept of separation.

The purposes of this act are expanded to reflect a congressional interest in the maintenance and strengthening of the family unit. Many juveniles removed from their homes could be better served if resources were focused on strengthening the family so the child could be maintained there rather than in alternate facilities. Such targeting would be more efficient, less costly, and potentially more effective.

The changes proposed through this legislation will strengthen the juvenile justice system, fine-tuning a program which has already shown positive results. The inroads we have achieved through current law must be broadened and straightened to address more and more specifically the needs of the juvenile. There must be not only a monetary commitment to aiding the juvenile, but also a commitment to resolve the legal and social problems which lead children into trouble. Alternatives to traditional policies must be developed and innovation must be encouraged. H.R. 6704 provides the vehicle for such efforts.

I commend my colleagues Mr. ANDREWS and Mr. COLEMAN for their diligence and cooperation in drafting this bill, and I urge its adoption.

□ 1040

Mr. COLEMAN. Mr. Chairman, I yield 6 minutes to the gentleman from Illinois (Mr. RAILSBACK).

Mr. RAILSBACK. Mr. Chairman, I wish, first of all, to commend the chairman of the subcommittee, the gentleman from North Carolina (Mr. ANDREWS), for the fine job that I believe he has done; and also to commend Mr. COLEMAN for the work and the interest that he has shown.

I had the opportunity to be involved in the formulation of the so-called Juvenile Justice and Delinquency Prevention Act back in 1974, and have worked in the area of juvenile justice since I was in the Illinois Legislature. The Judiciary Subcommittee on Courts, Civil Liberties, and the Administration of Justice, of which I am the ranking minority member, has jurisdiction over the Federal prisons, and I have had occasion to talk and visit with many administrators, with many correctional officers, and even many inmates, both the honor inmates as well as some of the hardcore criminals. These experiences reinforced my previous interest in taking steps to improve the juvenile justice system.

In 1974, we thought that it was important to develop a comprehensive program for a coordinated Federal effort to combat one of the most serious aspects of crime in our country, namely, youthful crimes. The issue of juvenile delinquency is a very real problem. For example, in 1978 persons under 18 years of age accounted for 40.5 percent of the arrests for serious crimes, although persons 10 to 17 years of age accounted for only 14 percent of the U.S. population. It has been estimated that crimes committed by young people under the age of 25 cost our country over $15 billion annually. Even more importantly, the price we pay in human terms is immeasurable.

One of the most significant provisions of this legislation is the program to completely remove juveniles from secure correction facilities over the next 7 years rather than using the so-called sight and sound separation now required. Some young people simply lack the maturity to cope with the adult offender, and as a matter of fact many of them have even committed suicide rather than continue to endure abuse.

During 1978, for instance, the suicide rate of young people in adult jails was approximately seven times the rate of children held in juvenile detention facilities. For these reasons, the commitment to remove juveniles from jails is a goal worth striving to achieve.

Title II of H.R. 6704 administratively separates the Office of Juvenile Justice and Delinquency Prevention from LEAA and places it under the coordination of the Office of Justice Administration, Research and Statistics and the general authority of the Attorney General. It becomes one of the four coequal offices, along with the Law Enforcement Assistance Administration, the National Institute of Justice, and the Bureau of Justice statistics. I think that is a significant change that will help to underscore the importance that we attach to juvenile justice and will, I hope, focus attention on the unique problems presented to us in dealing with juvenile programs.

I am also very pleased to see that the committee has recommended the continuation of the National Institute for Juvenile Justice. I had the privilege of sponsoring that legislation, along with the former Member from Chicago, Ill., Mr. Abner Mikva—now a Federal judge—as well as another former member, Mr. Biester of Pennsylvania. When the Institute was incorporated in the 1974 act, I felt that it could serve a valuable function by communicating information about programs and techniques available to those responsible for initiating and implementing programs in the States and local governments. I continue to feel that the collection and dissemination of this kind of information is very important.

Another very important provision of H.R. 6704 pertains to the emphasis on

dealing with the serious juvenile offender. The bill contains new program authority to address the needs of juveniles who commit serious crimes. I believe that is extremely important. I believe that the legislation that we are considering here today not only continues the efforts to achieve the very worthwhile goals set in the Juvenile Justice Act of 1974, but also challenges us to take even more significant steps toward dealing with the problems of juvenile justice.

I urge my colleagues to join with me in supporting this important legislation.

Mr. COLEMAN. Mr. Chairman, I yield 3 minutes to the gentleman from Florida (Mr. PEPPER) to speak in support of the bill.

Mr. PEPPER. Mr. Chairman, I thank the distinguished chairman for giving me an opportunity to commend him and his colleagues for bringing this bill to the floor of the House, I was honored by being chairman of the Select Committee on Crime in this House for 4 years, and one thing that came very vividly to the attention of our committee was that most of the crime committed in this country was by people under 18 years of age. In fact, about half of the people arrested for crimes are under 18 years of age.

If we are in fact going to curb crime, which is a matter of such concern to all of us, one of the best ways to start is to try to prevent crime; and one of the best areas in which to make that effort is in the juvenile area of our population. I have had the opportunity to see, and I have had testimony before our committee as to how we can prevent crime by finding a way to divert the effort and energies of young people into useful occupations. I could give the details of a case where, by giving the meanest boy in the community a job and a title in a center where aid was given to delinquent children, that boy became a leader for good and for law and order in that community.

I hope that this bill will be implemented in connection with job-providing agencies of our Federal Government. I hope the other body will enact the legislation recommended by the President and adopted by this House, to provide jobs to youth to the extent of $2 billion. We will stop more crime by the implementation of this bill and providing wise employment of these people than, I believe, we can do in any other way.

So, I commend the distinguished chairman and his committee for what they are doing to curb and prevent crime in America.

Mr. COLEMAN. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

□ 1050

Mr. ANDREWS of North Carolina. Mr. Chairman, I yield 1 minute to the gentleman from New York (Mr. WEISS).

Mr. WEISS. Mr. Chairman, first, I want to express my appreciation to our distinguished colleague for yielding this time to me. I want to commend the gentleman from North Carolina (Mr. ANDREWS) as well as the gentleman from Missouri (Mr. COLEMAN), the ranking minority member, for this landmark legislation that they have brought to this floor. I support it wholeheartedly.

Mr. Chairman, I rise in support of H.R. 6704, the Juvenile Justice Amendments of 1980. This legislation which extends the Juvenile Justice and Delinquency Prevention Act, and the runaways and homeless youth program, provides funds to States, local governments, and agencies to prevent juvenile delinquency and improve the juvenile justice system.

The Education and Labor Committee of which I am a member, made a number of substantial changes during the reauthorization of H.R. 6704 which I believe will significantly strengthen the act. New authority is established for treatment of juveniles who commit serious crimes, and for the creation of projects for work with juvenile gangs. Localities are encouraged to consider education programs as a measure of alternative treatment, increase the use of nonsecure community-based facilities, and incentives are provided for the removal of juveniles from adult jails. The bill requires that within 5 years no juvenile shall be held in a jail or lockup for adults.

The bill improves the current use of shelters for runaways and homeless youths by making shelter services available to the families of runaways. Newly authorized grants will be available for centers to develop model programs for runaways in cooperation with the members of the juvenile court and social service agencies.

In particular, the requirement that juveniles be removed from adult prisons and lockups is critically important. In testimony before the Subcommittee on Human Resources, a variety of organizations including the Justice Department, the National Sheriff's Association, the Child Welfare League, and the American Civil Liberties Union endorsed this concept. Witnesses stated that during 1978 the suicide rate for juveniles incarcerated in adult jails was about seven times the rate for children in juvenile facilities.

The full committee also removed language adopted in the subcommittee which would permit children who are status offenders and violate court orders to be placed in secure detention and correctional facilities. Status offenses are those which if committed by an adult would not be considered a criminal offense, such as running away or incorrigibility. The committee's action was supported by the Child Welfare League, National Association of Counties, and the National Council on Crime and Delinquency. To place a child in an adult facility with convicted criminals for not attending schools or running away, is certainly callous and inhumane. The possible damage to the child could be irreparable. I strongly oppose any attempt to reinstate the subcommittee amendment.

This legislation represents a small but significant effort by the Federal Government to address the critical problem of juvenile delinquency. I support the bill as reported by the committee and urge my colleagues to join me in voting for its passage.

● Mr. SIMON. Mr. Chairman, I rise in support of H.R. 6704, the Juvenile Justice Amendments of 1980. The pending bill would continue the Juvenile Justice and Delinquency Prevention Act, administered out of the Department of Justice, for an additional 4 years. This program is primarily aimed at impacting on young people before they become involved in the criminal justice system. It has always received strong bipartisan congressional support, as is evidenced by the 32-to-0 vote to favorably report the measure from the Committee on Education and Labor. H.R. 6704 would also continue the Runaway and Homeless Youth Act, administered by the Department of Health and Human Services.

The major share of funds under title II of the Juvenile Justice and Delinquency Prevention Act is allocated to the States and territories on the basis of relative population of persons under age 18. Each participating jurisdiction has agreed not to place status offenders—children who have committed offenses such as running away and truancy that are not adult crimes—in secure detention or correctional facilities. In addition, juveniles may not be placed in any institution in which they have regular contact with incarcerated adults.

H.R. 6704 would strengthen this latter condition of funding by making it clear that children may not be detained or confined in adult jails and lockups. As logical as this highly significant provision may seem, it is regrettable that hundreds of thousands of young people are needlessly jailed each year in adult facilities. I am pleased that the Office of Juvenile Justice and Delinquency Prevention has pledged that additional financial resources will be made available to help implement this provision over the 5-year period in the bill. I commend my colleague from Colorado (Mr. KOGOVSEK) for taking the lead in offering this amendment in committee. The concept is supported by the Justice Department and numerous national organizations.

A second significant change from current law made by H.R. 6704 is the proposed independence of the Office of Juvenile Justice and Delinquency Prevention from the Law Enforcement Assistance Administration. I have been a critic of LEAA and am glad to see that the vital juvenile justice program would be clearly separated from this other, dying agency. This will help assure that the program receives priority attention from the administration and Congress, and that it can administer the program effectively and without the restrictions it has faced in the past.

The chairman of the Subcommittee on Human Resources, Mr. ANDREWS of North Carolina, has demonstrated his commitment to assisting young people through his sponsorship and manage-

ment of this strong bill. I urge my colleagues to resist any amendments which might be offered to weaken the provisions of current law and to join me in enacting H.R. 6704 so that the reforms it includes may be swiftly implemented.●

Mr. ANDREWS of North Carolina. Mr. Chairman. I have no further requests for time.

The CHAIRMAN. Pursuant to the rule, the committee amendment in the nature of a substitute recommended by the Committee on Education and Labor, now printed in the reported bill, is considered as an original bill for the purpose of amendment, and each section shall be considered as having been read.

The Clerk will designate section 1.

The Clerk proceeded to designate section 1.

Mr. ANDREWS of North Carolina (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The committee amendment in the nature of a substitute reads as follows:

H.R. 6704

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Juvenile Justice Amendments of 1980".

AUTHORIZATION OF APPROPRIATIONS

SEC. 2. (a) Section 261(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5671(a)) is amended—

(1) by striking out "$150,000,000" and all that follows through "1979, and"; and

(2) by striking out "for the fiscal year ending September 30, 1980" and inserting in lieu thereof "for each of the fiscal years ending September 30, 1981, September 30, 1982, September 30, 1983, and September 30, 1984".

(b) Section 341(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5751(a)) is amended by striking out "June 30, 1975" and all that follows through "1980" and inserting in lieut thereof the following: "September 30, 1981, September 30, 1982, September 30, 1983 and September 30, 1984".

FINDINGS

SEC. 3. Section 101(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5601(a)) is amended—

(1) in paragraph (4) thereof, by inserting "alcohol and other" after "abuse";

(2) in paragraph (6) thereof, by striking out "and" at the end thereof;

(3) in paragraph (7) thereof, by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

(4) by adding at the end thereof the following new paragraph:

"(8) the juvenile justice system should give additional attention to the problem of juveniles who commit serious crimes, with particular attention given to the areas of sentencing, providing resources necessary for informed dispositions, and rehabilitation.".

PURPOSE

SEC. 4. (a) Section 102(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5602(a)) is amended—

(1) in paragraph (6) thereof, by striking out "and" at the end thereof;

(2) in paragraph (7) thereof, by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(8) to assist State and local governments in removing juveniles from jails and lockups for adults.".

(b) Section 102(b)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5602(b)(1)) is amended by inserting before the semicolon at the end thereof the following: ", including methods with a special focus on maintaining and strengthening the family unit so that juveniles may be retained in their homes".

DEFINITIONS

SEC. 5. (a) Section 103(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603(1)) is amended by inserting "special education," after "training,".

(b) Section 103(4) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603(4)) is amended to read as follows:

"(4)(A) the term 'Office of Justice Assistance, Research, and Statistics' means the office established by section 801(a) of the Omnibus Crime Control and Safe Streets Act of 1968;

"(B) the term 'Law Enforcement Assistance Administration' means the administration established by section 101 of the Omnibus Crime Control and Safe Streets Act of 1968;

"(C) the term 'National Institute of Justice' means the institute established by section 202(a) of the Omnibus Crime Control and Safe Streets Act of 1968; and

"(D) the term 'Bureau of Justice Statistics' means the bureau established by section 302(a) of the Omnibus Crime Control and Safe Streets Act of 1968;".

(c) Section 103(7) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603(7)) is amended by striking out "and any territory or possession of the United States" and inserting in lieu thereof "the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands".

(d) Section 103(9) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603(9)) is amended by striking out "law enforcement" and inserting in lieu thereof "juvenile justice and delinquency prevention".

(e) Section 103(12) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603(12)) is amended to read as follows:

"(12) the term 'secure detention facility' means any public or private residential facility which—

"(A) includes construction fixtures designed to physically restrict the movements and activities of juveniles or other individuals held in lawful custody in such facility; and

"(B) is used for the temporary placement of any juvenile who is accused of having committed an offense, of any nonoffender, or of any other individual accused of having committed a criminal offense;".

(f) Section 103 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603) is amended—

(1) by redesignating paragraph (13) as paragraph (15); and

(2) by inserting after paragraph (12) the following new paragraphs:

"(13) the term 'secure correctional facility' means any public or private residential facility which—

"(A) includes construction fixtures designed to physically restrict the movements and activities of juveniles or other individuals held in lawful custody in such facility; and

"(B) is used for the placement, after adjudication and disposition, of any juvenile who has been adjudicated as having committed an offense, any nonoffender, or any other individual convicted of a criminal offense;

"(14) the term 'serious crime' means criminal homicide, forcible rape, mayhem, kidnapping, aggravated assault, robbery, larceny or theft punishable as a felony, motor vehicle theft, burglary or breaking and entering, extortion accompanied by threats of violence, and arson punishable as a felony; and".

(g) Section 103(15) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in subsection (f)(1), is amended—

(1) by inserting "special education," after "educational,"; and

(2) by striking out "and benefit the addict" and all that follows through ", and his" and inserting in lieu thereof ", including services designed to benefit addicts and other users by eliminating their dependence on alcohol or other addictive or nonaddictive drugs or by controlling their dependence and".

OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

SEC. 6. (a) Section 201(a) of the Juvenile Justice and Delinquency Preservation Act of 1974 (42 U.S.C. 5611(a)) is amended by striking out "Law Enforcement Assistance Administration" and inserting in lieu thereof "under the general authority of the Attorney General".

(b) Section 201(d) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611(d)) is amended—

(1) in the first sentence thereof, by striking out "direction of" and all that follows through "Administration" and inserting in lieu thereof "general authority of the Attorney General";

(2) in the second sentence thereof, by striking out ", subject to the direction of the Administrator,", and by inserting "prescribe regulations for," before "award";

(3) in the third sentence thereof—

(A) by inserting "of the Law Enforcement Assistance Administration and the Director of the National Institute of Justice" after "Administrator" the first place it appears therein; and

(B) by inserting "of the Office of Juvenile Justice and Delinquency Prevention" after "Administrator" the last place it appears therein; and

(4) by striking out the last sentence thereof.

(c) Section 201(e) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611(e)) is amended by striking out "Administrator of the Law Enforcement Assistance Administration" and inserting in lieu thereof "Attorney General".

(d) Section 201(f) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611(f)) is amended by striking out "Administrator" the last place it appears therein and inserting in lieu thereof "Attorney General".

CONCENTRATING OF FEDERAL EFFORTS

Sec. 7. (a) Section 204(b) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5614(b)) is amended—

(1) by striking out ", with the assistance of the Associate Administrator."; and

(2) in paragraph (6) thereof, by inserting "and training assistance" after "technical assistance".

(b) Section 204 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5614) is amended by adding at the end thereof the following new subsection:

"(m) To carry out the purposes of this

section, there is authorized to be appropriated for each fiscal year an amount which does not exceed 7.5 percent of the total amount appropriated to carry out this title.".

COORDINATING COUNCIL ON JUVENILE JUSTICE AND DELINQUENCY PREVENTION

SEC. 8. (a) Section 206(a)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(a)(1)) is amended—

(1) by inserting "the Secretary of Education, the Secretary of Housing and Urban Development, the Director of the Community Services Administration," after "Secretary of Labor,"; and

(2) by striking out "the Secretary of Housing and Urban Development," and inserting in lieu thereof "the Director of the Bureau of Prisons, the Commissioner of the Bureau of Indian Affairs, the Director for the Office of Special Education and Rehabilitation Services, the Commissioner for the Administration for Children, Youth, and Families, and the Director of the Youth Development Bureau,".

(b) Section 206(c) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(c)) is amended—

(1) by striking out "the Attorney General and";

(2) by inserting ", and to the Congress," after "President"; and

(3) by adding at the end thereof the following new sentence: "The Council shall review, and make recommendations with respect to, any joint funding proposal undertaken by the Office of Juvenile Justice and Delinquency Prevention and any agency represented on the Council.",

(c) Section 206(d) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(d)) is amended by striking out "a minimum of four times per year" and inserting in lieu thereof "at least quarterly".

(d) Section 206(e) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(e)) is amended by striking out "may" and inserting in lieu thereof "shall".

(e) Section 206(g) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(g)) is amended by inserting ", not to exceed $500,000 for each fiscal year" before the period at the end thereof.

NATIONAL ADVISORY COMMITTEE FOR JUVENILE JUSTICE AND DELINQUENCY PREVENTION

SEC. 9. Part A of title II of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611 et seq.) is amended by striking out section 207, section 208, and section 209, and inserting in lieu thereof the following new section:

"NATIONAL ADVISORY COMMITTEE FOR JUVENILE JUSTICE AND DELINQUENCY PREVENTION

"SEC. 207. (a)(1) There is hereby established a National Advisory Committee for Juvenile Justice and Delinquency Prevention (hereinafter in this Act referred to as the 'Advisory Committee') which shall consist of 15 members appointed by the President.

"(2) Members shall be appointed who have special knowledge concerning the prevention and treatment of juvenile delinquency or the administration of juvenile justice, such as juvenile or family court judges; probation, correctional, or law enforcement personnel; representatives of private, voluntary organizations and community-based programs, including youth workers involved with alternative youth programs; and persons with special training or experience in addressing the problems of youth unemployment, school violence and vandalism, and learning disabilities.

"(3) At least 5 of the individuals appointed as members of the Advisory Committee shall not have attained 24 years of age on or before the date of their appointment. At least 3 of the individuals so appointed shall have been or shall be (at the time of appointment) under the jurisdiction of the juvenile justice system. The Advisory Committee shall contact and seek regular input from juveniles currently under the jurisdiction of the juvenile justice system.

"(4) The President shall designate the Chairman from members appointed to the Advisory Committee. No full-time officer or employee of the Federal Government may be appointed as a member of the Advisory Committee, nor may the Chairman be a full-time officer or employee of any State or local government.

"(b)(1) Members appointed by the President shall serve for terms of 3 years. Of the members first appointed, 5 shall be appointed for terms of 1 year, 5 shall be appointed for terms of 2 years, and 5 shall be appointed for terms of 3 years, as designated by the President at the time of appointment. Thereafter, the term of each member shall be 3 years. The initial appointment of members shall be made not later than 90 days after the effective date of this section.

"(2) Any member appointed to fill a vacancy occurring before the expiration of the term for which the predecessor of such member was appointed shall be appointed only for the remainder of such term. The President shall fill a vacancy not later than 90 days after such vacancy occurs. Members shall be eligible for reappointment and may serve after the expiration of their terms until their successors have taken office.

"(c) The Advisory Committe shall meet at the call of the Chairman, but not less than quarterly. Ten members of the Advisory Committee shall constitute a quorum.

"(d) The Advisory Committee shall—

"(1) review and evaluate, on a continuing basis, Federal policies regarding juvenile justice and delinquency prevention and activities affecting juvenile justice and delinquency prevention conducted or assisted by all Federal agencies;

"(2) advise the Administrator with respect to particular functions or aspects of the work of the Office;

"(3) advise, consult with, and make recommendations to the National Institute of Justice and the National Institute for Juvenile Justice and Delinquency Prevention concerning the overall policy and operations of each such Institute regarding juvenile justice and delinquency prevention research, evaluations, and training provided by each such Institute; and

"(4) make refinements in recommended standards for the administration of juvenile justice at the Federal, State, and local levels which have been reviewed under section 247, and recommend Federal, State and local action to facilitate the adoption of such standards throughout the United States.

"(e) Beginning in 1981, the Advisory Committee shall submit such interim reports as it considers advisable to the President and to the Congress, and shall submit an annual report to the President and to the Congress not later than March 31 of each year. Each such report shall describe the activities of the Advisory Committee and shall contain such findings and recommendations as the Advisory Committee considers necessary or appropriate.

"(f) The Advisory Committee shall have staff personnel, appointed by the Chairman with the approval of the Advisory Committee, to assist it in carrying out its activities. The head of each Federal agency shall make available to the Advisory Committee such information and other assistance as it may require to carry out its activities. The Advisory Committee shall not have any authority to procure any temporary or intermittent services of any personnel under section 3109 of title 5, United States Code, or under any other provision of law.

"(g)(1) Members of the Advisory Committee shall, while serving on business of the Advisory Committee, be entitled to receive compensation at a rate not to exceed daily rate specified for Grade GS-18 of the General Schedule in section 5332 of title 5, United States Code, including travel time.

"(2) Members of the Advisory Committee, while serving away from their places of residence or regular places of business, shall be entitled to reimbursement for travel expenses, including per diem in lieu of subsistence, in the same manner as the expenses authorized by section 5703 of title 5, United States Code, for persons in the Federal Government service employed intermittently.

"(h) To carry out the purposes of this section, there is authorized to be appropriated such sums as may be necessary, not to exceed $500,000 for each fiscal year."

ALLOCATION

SEC. 10. The first sentence of section 222(b) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5632(b)) is amended by striking out "in a manner" and all that follows through "part" and inserting in lieu thereof "in an equitable manner to the States which are determined by the Administrator to be in compliance with the requirements of section 223(a)(12)(A) and section 223(a)(13) for use by such States in a manner consistent with the purposes of section 223(a)(10)(H)".

STATE PLANS

SEC. 11. (a)(1) Section 223(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)) is amended by striking out "consistent with the provisions" and all that follows through "such plan must" and inserting in lieu thereof the following: "applicable to a 3-year period. Such plan shall be amended annually to include new programs, and the State shall submit annual performance reports to the Administrator which shall describe progress in implementing programs contained in the original plan, and shall describe the status of compliance with State plan requirements. In accordance with regulations which the Administrator shall prescribe, such plan shall".

(2) Section 223(a)(3)(A) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(3)(A)) is amended by striking out "twenty-one" and inserting in lieu thereof "15", and by striking out "thirty-three" and inserting in lieu thereof "33".

(3) Section 223(a)(3)(B) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(3)(B)) is amended—

(A) by inserting "locally elected officials," after "include"; and

(B) by inserting "special education," after "education,".

(4) Section 223(a)(3)(E) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(3)(E)) is amended—

(A) by striking out "one-third" and inserting in lieu thereof "one-fifth";

(B) by striking out "twenty-six" and inserting in lieu thereof "24";

(C) by inserting ", and" after "appointment"; and

(D) by striking out "three of whom" and inserting in lieu thereof "3 of whose members".

(5) Section 223(a)(3)(F) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(3)(F)) is amended—

(A) by striking out "(ii) may advise" and all that follows through "requested;" and

inserting in lieu thereof "(ii) shall submit to the Governor and the legislature at least annually recommendations with respect to matters related to its functions, including State compliance with the requirements of paragraph (12)(A) and paragraph (13);"; and

(B) by adding at the end thereof the following: "and (v) shall contact and seek regular input from juveniles currently under the jurisdiction of the juvenile justice system;".

(6) Section 223(a)(3)(F)(iii) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(3)(F)(iii)) is amended by striking out "and" at the end thereof.

(7) Section 223(a)(8) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(8)) is amended to read as follows:

"(8) provide for (A) an analysis of juvenile crime problems and juvenile justice and delinquency prevention needs within the relevant jurisdiction, a description of the services to be provided, and a description of performance goals and priorities, including a specific statement of the manner in which programs are expected to meet the identified juvenile crime problems and juvenile justice and delinquency prevention needs of the jurisdiction; (B) an indication of the manner in which the programs relate to other similar State or local programs which are intended to address the same or similar problems; and (C) a plan for the concentration of State efforts which shall coordinate all State juvenile delinquency programs with respect to overall policy and development of objectives and priorities for all State juvenile delinquency programs and activities, including provision for regular meetings of State officials with responsibility in the area of juvenile justice and delinquency prevention;".

(8) Section 223(a)(10) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(10)) is amended—

(A) by striking out "juvenile detention and correctional facilities" and inserting in lieu thereof "confinement in secure detention facilities and secure correctional facilities";

(B) by striking out "and" the fifth place it appears therein;

(C) by inserting after "standards" the following: ", and to provide programs for juveniles who have committed serious crimes, particularly programs which are designed to improve sentencing procedures, provide resources necessary for informed dispositions, and provide for effective rehabilitation"; and

(D) by adding at the end thereof the following new subparagraph:

"(J) projects designed both to deter involvement in illegal activities and to promote involvement in lawful activities on the part of juvenile gangs and their members;".

(9) Section 223(a)(10)(A) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(10)(A)) is amended by inserting "education, special education," after "home programs,".

(10) Section 223(a)(10)(E) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(10)(E)) is amended by striking out "keep delinquents and to", and by inserting "delinquent youth and" after "encourage".

(11) Section 223(a)(10)(H) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(10)(H)) is amended to read as follows:

"(H) statewide programs through the use of subsidies or other financial incentives to units of local government designed to—

"(i) remove juveniles from jails and lockups for adults;

"(ii) replicate juvenile programs designated as exemplary by the National Institute of Justice;

"(iii) establish and adopt, based upon the recommendations of the Advisory Committee, standards for the improvement of juvenile justice within the State; or

"(iv) increase the use of nonsecure community-based facilities and discourage the use of secure incarceration and detention;".

(12) Section 223(a)(10)(I) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(10)(I)) is amended to read as follows:

"(I) programs designed to develop and implement projects relating to juvenile delinquency and learning disabilities, including on-the-job training programs to assist law enforcement and juvenile justice personnel to more effectively recognize and provide for learning disabled and other handicapped juveniles; and".

(13) Section 223(a)(12)(A) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(12)(A)) is amended by striking out "juvenile detention or correctional facilities" and inserting in lieu thereof "secure detention facilities or secure correctional facilities".

(14) Section 223(a)(15) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in paragraph (15)(A), is amended—

(A) by striking out "paragraph (12)(A) and paragraph (13)" and inserting in lieu thereof "paragraph (12)(A), paragraph (13), and paragraph (14)"; and

(B) by inserting before the semicolon at the end thereof the following: ", except that such reporting requirements shall not apply in the case of a State which is in compliance with the other requirements of this paragraph, which is in compliance with the requirements in paragraph (12)(A) and paragraph (13), and which has enacted legislation which conforms to such requirements and which contains, in the opinion of the Administrator, sufficient enforcement mechanisms to ensure that such legislation will be administered effectively".

(15) Section 223(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)), as amended by the foregoing provisions of this subsection, is further amended—

(A) by redesignating paragraph (14) through paragraph (21) as paragraph (15) through paragraph (22), respectively, and by inserting after paragraph (13) the following new paragraph:

"(14) provide that, beginning after the 5-year period following the date of the enactment of the Juvenile Justice Amendments of 1980, no juvenile shall be detained or confined in any jail or lockup for adults;"; and

(B) by adding at the end thereof the following new sentence: "Such plan shall be modified by the State, as soon as practicable after the date of the enactment of the Juvenile Justice Amendments of 1980, in order to comply with the requirements of paragraph (14).".

(b) Section 223(c) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(c)) is amended—

(1) by striking out ", with the concurrence of the Associate Administrator,";

(2) by inserting after "juveniles" the following: "or through removal of 100 percent of such juveniles from secure correctional facilities"; and

(3) by adding at the end thereof the following new sentence: "Failure to achieve compliance with the requirements of subsection (a)(14) within the 5-year time limitation shall terminate any State's eligibility for funding under this subpart, unless the Administrator determines that (1) the State is in substantial compliance with such requirements through the achievement of not less than 75 percent removal of juveniles from jails and lockups for adults; and (2) the State has made, through appropriate executive or legislative action, an unequivocal commitment to achieving full compliance within a reasonable time, not to exceed 2 additional years.".

(c) Section 223(d) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(d)) is amended—

(1) by striking out "special emphasis prevention and treatment";

(2) by striking out "section 224" and inserting in lieu thereof "subsection (a)(10)(H)";

(3) by striking out "endeavor to";

(4) by striking out "a preferential" and inserting in lieu thereof "an equitable";

(5) by striking out "to programs in nonparticipating States under section 224(a)(2) and";

(6) by striking out "substantial or"; and

(7) by striking out "subsection (a)(12)(A) requirement" and all that follows through "subsection (c)" and inserting in lieu thereof "requirements under subsection (a)(12)(A) and subsection (a)(13)".

SPECIAL EMPHASIS PREVENTION AND TREATMENT PROGRAMS

SEC. 12. (a) Section 224(a)(5) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5634(a)(5)) is amended to read as follows:

"(5) develop statewide programs through the use of subsidies or other financial incentives designed to—

"(A) remove juveniles from jails and lockups for adults;

"(B) replicate juvenile programs designated as exemplary by the National Institute of Justice; or

"(C) establish and adopt, based upon recommendations of the Advisory Committee, standards for the improvement of juvenile justice within the State;".

(b) Section 224(a)(11) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5634(a)(11)) is amended by inserting before the period at the end thereof the following: ", including on-the-job training programs to assist law enforcement personnel and juvenile justice personnel to more effectively recognize and provide for learning disabled and other handicapped juveniles".

(c) Section 224 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5634) is amended by adding at the end thereof the following new subsection:

"(d) Assistance provided pursuant to this section shall be available on an equitable basis to deal with disadvantaged youth, including females, minority youth, and mentally retarded and emotionally or physically handicapped youth.".

PAYMENTS

SEC. 13. (a) Section 228 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5638) is amended by striking out subsection (b) thereof, and by redesignating subsection (c) through subsection (g) as subsection (b) through subsection (f), respectively.

(b) Section 228(f) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in subsection (a), is amended—

(1) by inserting "subpart II of" after "applicant under"; and

(2) by striking out "under section 224" and inserting in lieu thereof "in an equitable manner to States which have complied with

the requirements in section 223(a)(12)(A) and section 223(a)(13), under section 224(a)(5)".

ADMINISTRATIVE PROVISIONS

SEC. 14. Section 262 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5672) is amended to read as follows:

"APPLICABILITY OF OTHER ADMINISTRATIVE PROVISIONS

"SEC. 262. (a) The administrative provisions of sections 802(a), 802(c), 803, 804, 805, 806, 807, 810, 812, 813, 814(a), 815(c), 817(a), 817(b), 817(c), 818(a), 818(b), and 818(d) of the Omnibus Crime Control and Safe Streets Act of 1968 are incorporated in this Act as administrative provisions applicable to this Act. References in the cited sections authorizing action by the Director of the Office of Justice Assistance, Research and Statistics, the Administrator of the Law Enforcement Assistance Administration, the Director of the National Institute of Justice, and the Director of the Bureau of Justice Statistics also shall be construed as authorizing the Administrator of the Office of Juvenile Justice and Delinquency Prevention to perform the same action.

"(b) The Office of Justice Assistance, Research, and Statistics shall directly provide staff support to, and coordinate the activities of, the Office of Juvenile Justice and Delinquency Prevention in the same manner as it is authorized to provide staff support and coordinate the activities of the Law Enforcement Assistance Administration, National Institute of Justice, and Bureau of Justice Statistics pursuant to section 801(b) of the Omnibus Crime Control and Safe Streets Act of 1968.".

RUNAWAY AND HOMELESS YOUTH

SEC. 15. (a) The heading for title III of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5701 et seq.) is amended to read as follows:

"TITLE III—RUNAWAY AND HOMELESS YOUTH".

(b) Section 301 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5701 note) is amended by inserting "and Homeless" after "Runaway".

(c) Section 311 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5711) is amended—

(1) by inserting "(a)" after the section designation;

(2) by inserting "equitably among the States based upon their respective populations of youth under 18 years of age" after "shall be made";

(3) by inserting ", and their families," after "homeless youth";

(4) by inserting after "services." the following new sentence: "Grants also may be made for the provision of a national communications system for the purpose of assisting runaway and homeless youth in communicating with their families and with service providers."; and

(5) by adding at the end thereof the following new subsections:

"(b) The Secretary is authorized to provide supplemental grants to runaway centers which are developing, in cooperation with local juvenile court and social service agency personnel, model programs designed to provide assistance to juveniles who have repeatedly left and remained away from their homes or from any facilities in which they have been placed as the result of an adjudication.

"(c) The Secretary is authorized to provide on-the-job training to local runaway and homeless youth center personnel and coordinated networks of local law enforcement, social service, and welfare personnel to assist such personnel in recognizing and providing for learning disabled and other handicapped juveniles.".

(d)(1) Section 312(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5712(a)) is amended by striking out "house" and inserting in lieu thereof "center", and by inserting "or to other homeless juveniles" before the period at the end thereof.

(2) Section 312(b) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5712(b)) is amended—

(A) by striking out "house" each place it appears therein and inserting in lieu thereof "center"; and

(B) in paragraph (4) thereof, by inserting "social service personnel, and welfare personnel," after "personnel,".

(e) Section 313 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5713) is amended by striking out "$100,000" and inserting in lieu thereof "$150,000", and by striking out "any applicant whose program budget is smaller than $150,000" and inserting in lieu thereof "organizations which have a demonstrated experience in the provision of service to runaway and homeless youth and their families".

(f) Section 315 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5715) is amended by striking out "houses" and inserting in lieu thereof "centers".

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 16. (a) Section 103(5) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603(5)) is amended by striking out "section 101(b)" and all that follows through "amended" and inserting in lieu thereby "section 201(c)".

(b)(1) Section 201(c) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611(c)) is amended—

(A) in the first sentence thereof, by striking out "Associate"; and

(B) by striking out the last sentence thereof.

(2) Section 201(d) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611(d)) is amended by striking out "Associate" each place it appears therein.

(3) Section 201(e) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611(e)) is amended by striking out "Associate" each place it appears therein, and by striking out "Office" the last place it appears therein and inserting in lieu thereof "office".

(4) Section 201(f) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611(f)) is amended by striking out "Associate".

(c)(1) Section 202(c) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5612(c)) is amended by striking out "Associate".

(2) Section 202(d) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5612(d)) is amended by striking out "title I" and inserting in lieu thereof "title 5".

(d)(1) Section 204(d)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5614(d)(1)) is amended by striking out "Associate".

(2) Section 204(g) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5614(g)) is amended by striking out "Administration" and inserting in lieu thereof "Office".

(3) Section 204(l) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5614(l)) is amended by striking out "Associate".

(4) Section 204(k) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5614(k)) is amended by striking out "the Department of Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(5) Section 204(l)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5614(l)(1)) is amended by striking out "Associate".

(e) Section 205 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5615) is amended by striking out "Associate" each place it appears therein.

(f)(1) Section 206(a)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(a)(1)) is amended—

(A) by striking out ", Education, and Welfare" and inserting in lieu thereof "and Human Services";

(B) by striking out "the Commissioner of the Office of Education,";

(C) by inserting "the Director of the Office of Justice Assistance, Research, and Statistics, the Administrator of the Law Enforcement Assistance Administration," after "designees,";

(D) by striking out "Associate" each place it appears therein; and

(E) by inserting "the Director of the National Institute of Justice," after "Prevention," the last place it appears therein.

(2) Section 206(b) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(b)) is amended by striking out "Associate".

(3) Section 206(c) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(c)) is amended by striking out "Associate".

(g)(1) Section 223(a)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(1)) is amended—

(A) by striking out "planning agency" and inserting in lieu thereof "criminal justice council"; and

(B) by striking out "section 203 of such title I" and inserting in lieu thereof "section 402(b)(1) of the Omnibus Crime Control and Safe Streets Act of 1968".

(2) Section 223(a)(2) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(2)) is amended by striking out "planning agency" and inserting in lieu thereof "criminal justice council".

(3) Section 223(a)(3)(A) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(3)(A)) is amended by striking out "a juvenile" and inserting in lieu thereof "juvenile".

(4) Section 223(a)(3)(F) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(3)(F)) is amended—

(A) in clause (i) thereof, by striking out "planning agency" and inserting in lieu thereof "criminal justice council";

(B) in clause (iii) thereof, by striking out "planning agency" and all that follows through "as amended" and inserting in lieu thereof "criminal justice council"; and

(C) in clause (iv) thereof—

(i) by striking out "planning agency and regional planning unit supervisory" and inserting in lieu thereof "criminal justice council and local criminal justice advisory"; and

(ii) by striking out "section 261(b) and section 502(b)" and inserting in lieu thereof "section 1002".

(5) Section 223(a)(11) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(11)) is amended by striking out "provides" and inserting in lieu thereof "provide".

(6) Section 223(a)(12)(B) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 563(a)(12)(B)) is amended by striking out "Associate".

(7) Section 223(a)(15) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in section 11(a)(15)(A), is amended by striking out "Associate".

(8) Section 223(a)(18)(A) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in section 11(a)(15)(A), is amended by striking out "or" the first

place it appears therein and inserting in lieu thereof "of".

(9) Section 223(a)(21) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in section 11(a)(15)(A), is amended—

(A) by striking out "planning agency" and inserting in lieu thereof "criminal justice council";

(B) by striking out "then" and inserting in lieu thereof "than"; and

(C) by striking out "Associate".

(10) Section 223(a)(22) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in section 11(a)(15)(A), is amended by striking out "Associate".

(11) Section 223(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)), as amended in section 11(a)(15)(B), is further amended (in the sentence preceding the last sentence thereof) by striking out "303(a)" and inserting in lieu thereof "section 403".

(12) Section 223(b) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(b)) is amended by striking out "planning agency" and inserting in lieu thereof "criminal justice council".

(13) Section 223(d) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(d)) is amended by striking out "sections 509, 510, and 511" and inserting in lieu thereof "sections 803, 804, and 805".

(h) Section 224(a)(6) of the Juvenile Justice and Delinqency Prevention Act of 1974 (42 U.S.C. 5634(a)(6)) is amended by striking out "Commissioner" and inserting in lieu thereof "Secretary".

(i) Section 226(f) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in section 11(a), is amended by striking out "section 509" and inserting in lieu thereof "section 803".

(j)(1) Section 241(b) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5651(b)) is amended by striking out "Associate" each place it appears therein.

(2) Section 241(c) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5651(c)) is amended by striking out "National Institute of Law Enforcement and Criminal Justice" and inserting in lieu thereof "National Institute of Justice".

(k) Section 244(3) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5654(3)) is amended by striking out "sections 249, 250, and 251" and inserting in lieu thereof "sections 248, 249, 250".

(l) Section 245 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5655) is amended by striking out "Associate".

(m) Section 246 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5656) is amended by striking out "Associate" each place it appears therein.

(n) Section 248(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5658(a)) is amended by striking out "Associate" each place it appears therein.

(o) Section 249 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5660) is amended by striking out "Associate".

(p)(1) Section 250(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5661(a)) is amended by striking out "Associate" each place it appears therein.

(2) Section 250(b) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5661(b)) is amended by striking out "Associate" each place it appears therein.

(3) Section 250(c) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5661(c)) is amended by striking out "section 5703(b)" and inserting in lieu thereof "section 5703".

AMENDMENT OFFERED BY MR. ANDREWS OF NORTH CAROLINA

Mr. ANDREWS of North Carolina. Mr. Chairman, I offer an amendment which is printed in the RECORD.

The Clerk read as follows:

Amendment offered by Mr. ANDREWS of North Carolina: Page 16, strike out line 7 through line 15, and insert in lieu thereof the following:

SEC. 10. The last sentence of section 222(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5632(a)) is amended by striking out "and", and by inserting ", and the Commonwealth of the Northern Mariana Islands" after "Pacific Islands".

Page 24, strike out line 20 through line 24, and insert in lieu thereof the following new paragraphs:

(1) by inserting "endeavor to" after "the Administrator shall";

(2) by striking out "public and private" and all that follows through "section 224" and inserting in lieu thereof "local public and private nonprofit agencies within such State for use in carrying out the purposes of subsection (a)(12)(A), subsection (a)(13), or subsection (a)(14)";

(3) by striking out "endeavor to make such reallocated funds" and inserting in lieu thereof "make funds which remain available after disbursements are made by the Administrator under the preceding sentence, and any other unobligated funds,";

Page 27, after line 5, insert the following new section (and redesignate the subsequent sections accordingly):

DESIGNATION OF STATE AGENCIES

SEC. 14. Section 261 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5671) is amended by adding at the end thereof the following new subsection:

"(c) Notwithstanding any other provision of law, if the Administrator determines, in his discretion, that sufficient funds have not been appropriated for any fiscal year for the activities authorized in part D of title I of the Omnibus Crime Control and Safe Streets Act of 1968, then the Administrator is authorized to—

"(1) approve any appropriate State agency designated by the Governor of the State involved as the sole agency responsible for supervising the preparation and administration of the State plan submitted under section 223; and

"(2) establish appropriate administrative and supervisory board membership requirements for any agency designated in accordance with paragraph (1), and permit the State advisory group appointed under section 223(a)(3) to operate as the supervisory board for such agency, at the discretion of the Governor.".

Mr. ANDREWS of North Carolina (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. ANDREWS of North Carolina. Mr. Chairman, the amendment I have offered corrects a drafting error and makes rather minor changes in State administrative requirements to grant Governors needed flexibility in the event LEAA should be phased out and to clarify procedures for expending unobligated funds. These amendments have been reviewed by my friends on the other side of the aisle and, I believe, are noncontroversial.

Mr. COLEMAN. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Carolina. I yield to the gentleman from Missouri.

Mr. COLEMAN. Mr. Chairman, I support the gentleman's amendment and have no objection.

Mr. ANDREWS of North Carolina. I would like to thank my friend from the minority side.

Mr. Chairman, I ask for the adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina (Mr. ANDREWS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. KRAMER

Mr. KRAMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KRAMER: Page 26, after line 14, insert the following new section (and redesignate the subsequent sections accordingly):

USE OF FUNDS

SEC. 13. (a) Section 227 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5637) is amended by adding at the end thereof the following new subsection:

"(c) Funds paid pursuant to section 223(a)(10)(D) and section 224(a)(7) to any public or private agency, organization, or institution or to any individual (whether directly or through a State criminal justice council) shall not be used to pay for any personal service, advertisement, telegram, telephone communication, letter, printed or written matter, or other device, intended or designed to influence a Member of the Congress or any other Federal, State, or local elected official to favor or oppose any Acts, bills, resolutions, or similar legislation, or any referendum, initiative, constitutional amendment, or any similar procedure by the Congress, any State legislature, any local council, or any similar governing body, except that this subsection shall not preclude such funds from being used in connection with communications to Federal, State, or local elected officials, upon the request of such officials through proper official channels, pertaining to authorization, appropriation, or oversight measures directly affecting the operation of the program involved. The Administrator shall take such action as may be necessary to ensure that no funds paid under section 223(a)(10)(D) or section 224(a)(7) are used either directly or indirectly in any manner prohibited in this subsection.

Mr. KRAMER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. KRAMER. Mr. Chairman, this amendment places a reasonable restriction and limitation on lobbying activities under the Juvenile Justice Act for the advocacy program. It is a compromise amendment that was worked out in a bipartisan way and perfected with the able and dedicated assistance of my colleague, the gentleman from North Carolina (Mr. ANDREWS).

I would like to express my apprecia-

tion at this point for the gentleman's cooperation and assistance in resolving this matter in a way that, I think, will be beneficial to not only the operation of the Juvenile Justice Act, but for the Congress as well.

With that explanation, Mr. Chairman, I would ask for the adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado (Mr. KRAMER).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. COLEMAN

Mr. COLEMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLEMAN: Page 23, line 12, insert before the semicolon the first place it appears therein the following: ", except that the Administrator shall promulgate regulations which (A) recognize the special needs of areas characterized by low population density with respect to the detention of juveniles; and (B) shall permit the temporary detention in such adult facilities of juveniles accused of serious crimes against persons, subject to the provisions of paragraph (13), where no existing acceptable alternative placement is available".

Page 28, after line 9, insert the following new section (and redesignate the subsequent sections accordingly):

REPORT REGARDING CONFINEMENT OF JUVENILES IN JAILS FOR ADULTS

SEC. 15. (a) The Administrator of the Office of Juvenile Justice and Delinquency Prevention, not later than 18 months after the date of the enactment of this Act, shall submit a report to the Congress relating to the cost and implications of any requirement added to the Juvenile Justice and Delinquency Prevention Act of 1974 which would mandate the removal of juveniles from adults in all jails and lockups.

(b) The report required in subsection (a) shall include—

(1) an estimate of the costs likely to be incurred by the States in implementing the requirement specified in subsection (a);

(2) an analysis of the experience of States which currently require the removal of juveniles from adults in all jails and lockups;

(3) an analysis of possible adverse ramifications which may result from such requirement of removal, including an analysis of whether such requirement would lead to an expansion of the residential capacity of secure detention facilities and secure correctional facilities for juveniles, thus resulting in a net increase in the total number of juveniles detained or confined in such facilities; and

(4) recommendations for such legislative or administrative action as the Administrator considers appropriate.

Mr. COLEMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COLEMAN. Mr. Chairman, the amendment I am offering is a compromise which the gentleman from North Carolina and myself have developed in consultation with and the approval of the administration. The amendment addresses several concerns which have arisen over the new 5-year deinstitutionalization requirement which was added during full committee consideration of H.R. 6704. This language currently requires that as a condition of participation in the program that States intending to receive formula grant funds must within 5 years after enactment remove all juveniles from any adult jail or lockups. Although this new provision represents a major advance in the compassionate and effective handling of incarcerated youth, many States are afraid that the cost of meeting this mandate could be excessive, if not prohibitive. The State of Texas, for example, estimates the cost of constructing new "separate" facilities would exceed $100 million. Indiana has stated it would be fiscally impossible to achieve. Many other States face similar difficulties unless we amend this requirement to make it more flexible.

Admittedly, we have little information on what the actual cost of removal will be. Unfortunately, the administration, in developing the mandate, failed to ask the States how much they thought it would cost. The administration also failed to determine what other possible adverse effects this requirement would have on State juvenile justice practices.

What little information we have reveals that this new requirement might have a severe adverse effect on juvenile justice systems in areas of low population density. On the other hand the same body of evidence suggests that many areas should have little difficulty complying simply because they have a more sophisticated and elaborate system of correctional facilities which can accommodate separating adults from juveniles.

Mr. Chairman, no one doubts that incarcerated youth will be much better off when they are completely removed from adult prisons. We know that even juveniles that are separated by sight and sound from adult prisons suffer extremely harmful consequences. In fact, the "sight and sound separation" can often be counterproductive because juveniles are often placed in maximum security cells or drunk tanks because these are the only alternatives the authorities have to meet the current separation requirements. And it is in this kind of environment that rapes, physical assaults and exploitation and other brutality most often occur. Suicide among youth in adult jails, even though separated by sight and sound is seven times the rate than for children in juveniles-only facilities.

There is a need to vigorously pursue the goal of removal of these young people from adult institutions. At the same time, we cannot ask the State to accomplish something that is fiscally impossible and might well lead to their decision not to participate in the Juvenile Justice Act.

All my amendment does is to provide the essential flexibility allow the financially strapped States to participate in the program without undermining the complete removal mandate. The amendment directs the administration of the Office of Juvenile Justice and Delinquency Prevention to take the needs of areas characterized by low-population density into account in promulgating regulations implementing the complete removal provision. These regulations permit the placing of the juveniles charged with serious crimes against persons, into adult facilities, but only if no acceptable alternative exists.

It is the intention of this amendment to direct the Administrator of the Office of Juvenile Justice and Delinquency Prevention to liberally grant exceptions to the complete removal requirement, where such exceptions are appropriate. In identifying those areas characterized by low-population density, I would anticipate that definition maximizing the number of low-population areas to be covered by the exception would be chosen. In recognizing the special needs of these areas in raising funds for the construction or operation of secure jails or lockups would be viewed as legitimate "special needs." It would be totally inappropriate, in my view, for the administration to second guess the budget priorities set within the States that led to a decision not to fund the construction or operation of a juveniles-only facility.

The provision in the amendment specifying that exceptions to the complete removal requirement shall be granted only where no acceptable alternative exists, refers to the acceptability of the alternative to the State or locality. It is not in the Federal Government's role to determine what an exceptable alternative is.

The report to Congress required under this amendment will provide sufficiently detailed information on the complete removal requirement to enable us to legislatively review it, if necessary. The generation of detailed information on the costs to the States of the complete removal requirement is the principal purpose of the report. I would anticipate that the Administrator would direct the National Institute on Juvenile Justice and Delinquency Prevention to conduct the research necessary to furnish this report to Congress. I would also anticipate that NIJJDP would contact each of the States and territories to determine their estimate of the costs and effects of the requirement in their jurisdictions. The responses of these authorities to the questions posed by NIJJDP would be included as an appendix to the report.

The report to Congress also includes information on possible adverse ramifications which may arise as a result of the complete removal requirement. One potential adverse ramification is the possibility that the requirement could result in an increased rate of juvenile incarceration. A second potential adverse ramification is that requirement could result in the waiver of a greater number of juveniles to the criminal court for trial as adults, and possible incarceration in adult facilities. A third potential adverse ramification is that juveniles who are released into the community will commit subsequent delinquent acts. In this regard, the study would include information on what happens to such youth after their release.

The report to Congress required under this amendment will also include legislative recommendations as deemed ap-

propriate by the Administrator. It is the intention of the amendment in requiring legislative recommendations to be made that Congress will have the opportunity to act on the findings included in the report as soon as possible after their submission.

Mr. ANDREWS of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN. Mr. Chairman, I would be happy to yield to the gentleman from North Carolina. It is my understanding that the gentleman will support this amendment.

Mr. ANDREWS of North Carolina. Mr. Chairman, neither I nor anyone, to the best of my knowledge, has any objection to the gentleman's amendment, and we appreciate his good work with the amendment.

Mr. COLEMAN. Mr. Chairman, I thank the gentleman, and I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. COLEMAN).

The amendment was agreed to.

AMENDMENT OFFERED BY MRS. CHISHOLM

Mrs. CHISHOLM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. CHISHOLM: Page 26, after line 7, insert the following new subsection (and redesignate the subsequent subsection accordingly):

(c) Section 224(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5634(a)) is amended—

(1) in paragraph (10) thereof, by striking out "and" at the end thereof;

(2) in paragraph (11) thereof, by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(12) develop and implement special emphasis prevention and treatment programs relating to juveniles who commit serious crimes.".

Mrs. CHISHOLM. Mr. Chairman, as a cosponsor of this legislation, I have always been supportive of juvenile justice programs. However, I have become concerned that the Office of Juvenile Justice and Delinquency Prevention has focused too much attention on the status offender issue to the exclusion of other juvenile justice issues. My amendment seeks to address a problem in the juvenile delinquency area which I believe has been too long ignored. Serious youth offenders are a group which I believe needs special attention. This legislation defines serious crimes as criminal homicide, forcible rape, mayhem, kidnaping, aggravated assault, robbery, larceny or theft punishable as a felony, motor vehicle theft, burglary, extortion by threats of violence, and arson punishable as a felony. Many of our citizens, particularly our senior citizens, are too often the victims of serious criminal offenses by youthful offenders.

Yet despite the seriousness of these offenses, the Office of Juvenile Justice and Deliquency Prevention has not really placed much emphasis on the problem of the serious youth offender. This bill does recognize that the "serious youth offender" is a critical juvenile justice problem. The chairman and the Subcommittee on Human Resources are to be complimented on their initiative in this area. I believe, however, that this problem warrants a specific program which will seek to reduce the amount of violent and serious crimes perpetrated by youth. My amendment would create a special emphasis category for the serious youth offender. Similar initiatives have been created for advocacy activities, alternative education, programs relating to juvenile deliquency and learning disabilities. This amendment would insure that the Office of Juvenile Justice and Delinquency Prevention allocates specific funds for the serious youth offender programs.

I would urge the adoption of my amendment.

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Mr. ANDREWS of North Carolina. Mr. Chairman, will the gentleman yield?

Mrs. CHISHOLM. I yield to the gentleman from North Carolina.

Mr. ANDREWS of North Carolina. Mr. Chairman, I would like very much to thank the distinguished gentlewoman from New York for her contribution, not only in offering this amendment but generally with respect to the formulation of the program initially and its continuance.

Mr. Chairman, I very much agree with the amendment offered by the gentlewoman. The bill as submitted does have in various places and particulars an emphasis upon those youth who commit serious crime, but I think the amendment that is offered by the distinguished lady will place even special emphasis and would mandate that funds be appropriated by appropriate agencies for the specific purpose of addressing those particular problems. I think it to be altogether in order, in view of statistics available to the subcommittee in hearings which we have had and evidence I know of, of my own knowledge.

Mr. Chairman, I would very much like to again thank the gentlewoman and commend the gentlewoman's amendment to the committee.

Mr. COLEMAN. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Carolina. I yield to the gentleman.

Mr. COLEMAN. I would like to join with our chairman in support of the amendment offered by the gentlewoman. I believe the gentlewoman pointed out some very appropriate things and there certainly is a need, probably much more so than to be provided under this bill financially in many of these areas, but it definitely would earmark some moneys where the gentlewoman wants to pinpoint the direction of the agency and I support the amendment.

Mr. ANDREWS of North Carolina. I believe the gentleman also would agree not only with the amendment itself but also with the preamble statement, the first statement made by the gentlewoman, and that is, whereas we very much appreciate the efforts of the subcommittee and the full committee and the appropriate agencies with respect to dealing with status offenders, and we think a good job has been done there and appropriately so.

But further, I am concerned and I believe the gentleman from Missouri shares that with me, that perhaps the emphasis has been on status offenders to the extent that we have neglected some other aspects of the act which should be dealt with; this being a good example.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York (Mrs. CHISHOLM).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. EVANS OF THE VIRGIN ISLANDS

Mr. EVANS of the Virgin Islands. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EVANS of the Virgin Islands: Page 26, line 10, strike out "subsection" and insert in lieu thereof "subsections".

Page 26, line 14, strike out the closing quotation marks and the period following such quotation marks.

Page 26, after line 14, insert the following:

"(c) At least 5 percent of the funds available for grants and contracts made pursuant to this section shall be available for grants and contracts designed to address the special needs and problems of juvenile delinquency in the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Commonwealth of the Northern Mariana Islands.".

Mr. EVANS of the Virgin Islands (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from the Virgin Islands?

There was no objection.

Mr. EVANS of the Virgin Islands. Mr. Chairman, the amendments I propose in the first place would add no further cost to the Government. In the Virgin Islands as well as in the territories crime, particularly juvenile crime, has become a major problem. Perhaps to a greater extent even in the rest of the country, it is a problem in the Virgin Islands. We have perhaps 43 percent of our population considered juveniles. Last year's juveniles were arrested for 61 percent of all major serious crimes and 58 percent of a total of all crimes. When we add to that the number of cases in which juveniles are remanded to their parents, to the custody of their parents without formal arrest, the percentage becomes staggering. It has caused the quality of life to drop considerably and while this is perhaps not the most important aspect of it, it has brought about a serious threat to our main industry, that of tourism.

Mr. Chairman, under these circumstances we need help, great help, and this would set aside 5 percent of the total amount of money for all the territories of which the Virgin Islands would get its share. As I mentioned, it would cost no additional money but it would go a long way toward saving the Virgin Islands and making them a place where it is worthwhile living.

Mr. Chairman, I might also say that this amendment has been favorably received by both majority and minority on the committee.

Mr. Chairman, I offer this amendment

in light of the severe juvenile crime problems facing the U.S. territories, especially in the Virgin Islands.

The resident population of the U.S. Virgin Islands is widely estimated to be 120,000 people, with an additional 2 million tourists visiting our beautiful shores annually. In Guam, the Trust Territories, the Northern Mariana Islands, and American Samoa, there is estimated to be approximately 250,000 residents.

In the Virgin Islands, and other territories, the juvenile population constitutes an average of 43 percent of the total population, yet, in the Virgin Islands, juveniles between the ages of 5 and 17 account for 61 percent of total arrests for serious crimes, 55 percent of total arrests for nonserious crimes, and 58 percent of total arrests. These statistics, of course, do not take into account the additional juvenile delinquents who are taken into custody but later released without arrest. Crime statistics available have also indicated that there is a substantial recidivism rate among juvenile delinquents in the Virgin Islands.

As you know, Mr. Chairman, the Virgin Islands are heavily dependent upon tourism for much needed revenue. I believe that my amendment will help to counteract the escalating violence attributed to juvenile delinquents.

Mr. Chairman, this amendment will not cause any increase in this bill's authorization level. Accordingly, I urge my colleagues to adopt this urgently needed amendment.

Thank you.

The CHAIRMAN. The question is on the amendment offered by the gentleman from the Virgin Islands (Mr. EVANS).

The amendment was agreed to.

Mr. BIAGGI. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to take this occasion to commend the chairman of the subcommittee (Mr. ANDREWS of North Carolina) for the excellent work on this bill and also I would like to address two questions to the gentleman.

First, as many of my colleagues here know, I am the author of the safe schools program in the Elementary and Secondary Education Act which authorizes $15 million per year in grants to local educational agencies to help them combat the problem of school violence and vandalism by juveniles.

Accordingly, I would like to know if the Advisory Council authorized in this legislation will consider the issues of school violence and investigate ways to complement our efforts in working to eliminate violence in our schools. If not, would the chairman be willing to state here as a matter of legislative history that this problem merits attention by the Council?

Mr. ANDREWS of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from North Carolina.

Mr. ANDREWS of North Carolina. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, the gentleman from New York has previously expressed his opinion and given much assistance to this as well as other appropriate committees of the House and we are much aware of the gentleman's concern about the question of school violence.

I could not speak on behalf of the advisory committee. I feel sure that the advisory committee will address the problem in terms of advising as to the administration of this act. Regardless of the answer to that, certainly the answer to the second part of the question is yes, I would be pleased to join with the gentleman in admonishing in all ways possible in the conference report or otherwise that the advisory committee should most seriously address this problem.

Mr. BIAGGI. Mr. Chairman, I thank the gentleman for his response to that question.

Second, it is my understanding that this bill adds two new areas which would be eligible for funding, one being the training of the law enforcement personnel to help learning disabled youth, and the second to deter the illegal activities of youth gangs.

Mr. Chairman, would the gentleman be able to explain to me whether local educational agencies would be eligible to apply for such grants under these provisions in order to help combat violence in schools by juveniles. If the answer is yes, could the chairman provide me with assurances that the conference report on this bill would reflect such permissible uses?

Mr. ANDREWS of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I will be glad to yield.

Mr. ANDREWS of North Carolina. Mr. Chairman, there is nothing in the bill to prohibit local educational units from becoming recipients of discretionary funds as the bill is now written and, second, yes, I would be pleased, in the conference report language or otherwise to encourage use of the funds as the gentleman has suggested.

Mr. BIAGGI. Mr. Chairman, I thank the gentleman and I yield back the balance of my time.

AMENDMENT OFFERED BY MR. COLEMAN

Mr. COLEMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLEMAN: Page 26, strike out line 18 through line 20, and insert in lieu thereof the following:

amended—

(1) by striking out subsection (a) and subsection (b) thereof, and by striking out the section designation preceding subsection (a);

(2) by redesignating subsection (c) through subsection (g) as subsection (a) through subsection (e), respectively; and

(3) by inserting "SEC. 228." before subsection (a), as so redesignated in paragraph (2).

Page 26, line 21, strike out "Section 228(f)" and insert in lieu thereof "Section 228(e)".

Page 37, line 9, strike out "Section 228(f)" and insert in lieu thereof "Section 228(e)".

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Mr. COLEMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COLEMAN. Mr. Chairman, I rise to offer an amendment to correct a serious problem which has arisen recently regarding a provision in the Juvenile Justice and Delinquency Prevention Act. Specifically, I refer to section 228(a) of the act, which recently has been interpreted by an administrative law judge to entitle current fund recipients to future funding. The language of this provision reads as follows:

In accordance with criteria established by the Administrator, it is the policy of Congress that programs funded under this title shall continue to receive financial assistance providing that the yearly evaluation of such programs is satisfactory.

A lawsuit was brought against LEAA under section 228(a) when the agency decided not to continue funding a project. The court's decision held that absent a negative evaluation report that LEAA had to continue funding the program.

I do not believe Congress intended the Juvenile Justice Act to be an entitlement program. I am certain that the Budget Committee does not consider Juvenile Justice to be an entitlement program.

The significance of the decision of the administrative law judge, and of the subsequent announcement of the LEAA that henceforth they would pursue a "continuation funding policy," is to fundamentally alter the nature of the Juvenile Justice grant program. Under the current interpretation of section 228(a), a program that has begun receiving Federal funds is to continue receiving them unless an adverse evaluation report is filed against the project. This interpretation relieves projects of the burden of proving the worth of their projects when they reapply for Federal funding. Such an interpretation also ties the hands of LEAA in funding new projects, which may be far more innovative than any project which is currently receiving funds.

To clarify the nature of the program, I am offering an amendment striking section 228(a) from the act. This change makes it clear that the funding policy of the act is not a continuation funding policy. The eligibility for refunding of projects currently receiving funds is not affected by the striking of section 228(a). The applications of these projects would simply be considered on the same basis as other applications from projects not currently receiving funds.

My amendment will return much needed flexibility and clarity to the Juvenile Justice and Delinquency Prevention Act. I hope my colleagues will join me in making this clarifying change in the act.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN. I yield to the gentleman from Illinois.

Mr. SIMON. I thank the gentleman for yielding.

I would simply commend the gentleman and agree completely with the amendment both from the viewpoint of the Budget Committee and from the viewpoint of the authorizing committee.

The court's decision is certainly not

following the intent of Congress. I think the gentleman's amendment clarifies that. I certainly hope the amendment will be adopted.

Mr. COLEMAN. I thank the gentleman.

I yield back the balance of my time, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. COLEMAN).

The amendment was agreed to.

The CHAIRMAN. Are there other amendments to the bill?

AMENDMENT OFFERED BY MR. ASHBROOK

Mr. ASHBROOK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHBROOK: Page 22, beginning on line 6, strike out "is amended" and all that follows through line 8, and insert in lieu thereof the following:

is amended—

(A) by inserting "or offenses which do not constitute violations of valid court orders" after "adult"; and

(B) by striking out "juvenile detention or correctional facilities" and inserting in lieu thereof "secure detention facilities or secure correctional facilities".

Mr. ASHBROOK. Mr. Chairman, my amendment would preserve the traditional right of our Nation's courts to enforce their own validly drawn court orders, a power now denied them under certain aspects of the Juvenile Justice and Delinquency Prevention Act. This act has made it virtually impossible for juvenile courts to deal with chronic status offenders by denying the court its traditional discretionary power to enforce valid court orders involving these youth. Under current law, the court can remand a runaway person to a halfway house, or similar institution, and order the youth to stay put, but then be totally powerless to do anything when the youth runs out the back door. This allows young people to continually flout the will of the court, which not only breeds contempt and disrespect for the courts, but only makes helping that young person much more difficult.

In my view it is absurd for the Federal Government to take the position that children, at any age, should have the right to run away from home, skip school, or refuse to obey reasonable parental directions without anyone having the power to stop it.

Recently, Judge Patrick R. Tamilia of the court of common pleas in Pittsburgh made a case for the need for court discretion in his opinion entitled: "In Re: Gladys Hall," which dealt with a case involving four status offenders. I am submitting for the RECORD a verbatim extract from this opinion describing the problem of one of these status offenders known as Theresa S., which is self-explanatory:

THE CASE OF THERESA S., AGE 17

Theresa is a dependent child who was abandoned by her mother and has been in placement since 1962. She is now 17 years old.

On November 15, 1976, the court had given permission to CYS (the Community Youth Service—ed.) to explore alternative placement planning for Terry because she was having difficulty with her placement at Lutheran Children's Home. As a result of this direction, Terry had a pre-placement visit at the Beaver County Children's Home on November 27, 1978, and was subsequently placed there on December 4, 1978. She continued to have difficulty, similar in nature to that experienced in her previous placement at Lutheran Children's Home. The problems were related to her inability to accept responsibility and her inability to interact with her peers beyond a superficial level. She had multiple runaway episodes and after one of the runaways from Beaver County Children's Home she was discharged on January 9, 1979. At this time Lutheran Children's Home was willing to accept her back into the program because they felt that they had been making progress with her regarding her problems.

The CYS worker, Mr. Knox, contacted all the people involved in Terry's case in an attempt to locate her. Her maternal grandmother, Mary Jane Sparbanie, stated that she had sporadic contacts with the child, and believed that she was residing on Perrysville Avenue on the North Side. She was apprehended and brought to the Court. At a hearing on January 10, 1979, the case was continued until February 7, 1979 to explore further placement. At the hearing on February 7, 1979, Theresa absolutely refused to cooperate with any placement plan, she refused to return to the Lutheran Children's Home, and she also refused to go to the McIntyre Shelter, which is an open facility for children awaiting placement. Because of her intransigence and refusal to obey the direct order of Court, and her stated intention to run no matter where she was placed by the Court, the Court directed that she be committed to the Detention Home and that a delinquent petition be filed charging her with direct contempt.

Pursuant to the Court's order a petition was filed on February 8, 1979, charging that the child was placed in Lutheran Children's Home in Zelienople in June, 1978, discharged, and then placed at Beaver County Children's Home on December 4, 1978, from which she absconded on January 8, 1979, and was then brought to the Detention Center on February 7, 1979 charged with direct refusal to cooperate with the Court Order returning her to Lutheran Children's Home.

Although on February 7, 1979, the grandmother indicated she could care for Theresa, she admitted that during the two weeks period that Theresa stayed with her after running from Lutheran Children's Home, the girl had been away most of the time, she knew not where she was and on one occasion the girl had called her from Erie, Pa., saying that she was staying with friends. It was due to the grandmother's severe health and emotional problems that Theresa and her sister were placed in 1967.

At the hearing on February 15, 1979, on the delinquency petition, an extended dialogue occurred in which an attempt was made to convince Terry that she needed to cooperate with the court and that rather than placing her in an institution we were attempting to obtain placement for her in an independent living situation which would permit her to work and live in an apartment under supervision until she was stabilized and able to take care of herself without supervision. Theresa is an epileptic child and is under heavy medication, and as a vagabond when she is on runaway, has never been employed. She has never shown an ability to maintain herself and it was considered essential that she have an opportunity under supervision to obtain education or training to prepare her for emancipation. The grandmother at this time agreed that she was unable to take care of Theresa as she could not keep up with the girl. It was quite evident that the grandmother had never been a sufficiently stable and competent parent for any of the children during the many years the court was involved with her case and the case of her children and grandchildren.

After a great deal of discussion the court finally persuaded Terry to go to Shelter rather than to be in the detention home pending placement plans. Terry also agreed that she would not run away and that she would cooperate in attempting to get a proper placement for her. Theresa was transferred to Shelter pursuant to court order, but within two days she again ran and as of this writing, her whereabouts are unknown. An attachment was issued for her to have her returned to the Detention Home on March 13, 1979, and on April 3, 1979, further disposition on the case was deferred until July 17, 1979 to locate the child.

Obviously, there is a need to give the courts some authority to deal with a situation such as this.

My amendment provides this discretion by amending section 223(a)(12)(A) of the act to enable juvenile courts to place status and nonoffenders in secure detention and correctional facilities if they are found to be in violation of a valid court order. As I have noted, this language would provide the courts with the needed flexibility to respond to youth who chronically refuse voluntary treatment, but at the same time it is carefully drawn to assure the continued protection of the basic rights of these youths.

First, the respective court must issue a "valid order." This means that any such order must, first, be given a court of competent jurisdiction; second, involve a judiciable controversy where the legal rights of the parties need to be resolved by the court; third, that the court must enter a judgment and/or remedy in accord with established legal principles based on the facts after a hearing which observes proper procedure; and fourth, where the court has the statutory power to act.

These rights are further protected by the requirement that these youth receive their due process rights, which were specifically enumerated by the Supreme Court in re Gault as follows:

(i) the right to have the charges against the juvenile in writing, served upon him a reasonable time before the hearing;

(ii) the right to a hearing before a court;

(iii) the right to an explanation of the nature and consequences of the proceedings;

(iv) the right to legal counsel, and the right to have such counsel appointed by the court if indigent;

(v) the right to confront witnesses;

(vi) the right to present witnesses;

(vii) the right to have a transcript or record of the proceedings; and

(viii) the right of appeal to an appropriate court.

The danger of not enacting this provision would be to augment the growing trend to make violations of court orders a criminal offense and thus subject the youth immediately to incarceration. At the same time prosecutors are submitting increasingly stiff charges in an effort to place the "status offender" into a more serious category and thus subject to more severe remedies.

Current law is a perfect example of a cure worse than the disease. To continue denying courts their traditional powers will only make resolving the problems of status offenders that much more difficult.

I believe this House must support our juvenile judges in their efforts to help status offenders by restoring their legitimate power to deal with them. This amendment, which has been unanimously approved by the bipartisan National Council of Juvenile and Family Court Judges, deserves support from any Member of the House concerned with the integrity of our Nation's courts and the needs of troubled young people.

Mr. KILDEE. Mr. Chairman, I rise in opposition to the amendment.

I would like to point out that this amendment is not directed at youth who have committed criminal acts, rather it is intended to permit the incarceration of children known as status offenders. By definition, status offenders are children whose actions would not be criminal if committed by an adult. Status offenders are children with social and adjustment problems including incorrigibility, waywardness, and those who run away or are truant. Also included in this category are nonoffenders such as dependent and neglected children.

The purpose of the Juvenile Justice and Delinquency Prevention Act is to prevent and reduce the occurrence of juvenile delinquency. Since its enactment in 1974, the cornerstone of this legislation has been the requirement that States which voluntarily participate in the program agree to remove from secure detention and correctional facilities, those juveniles who are charged with or who have committed offenses that would not be criminal if committed by an adult, as well as dependent and neglected children. For 6 years this has been the law and during this time the annual increase in juvenile crime has dropped from 15 to 1 percent. The fact that only seven of the eligible jurisdictions have chosen not to participate in this voluntary program indicates the value of alternatives for helping to prevent juvenile delinquency.

The Congress prohibited the secure confinement of status offenders in light of the overwhelming evidence that placing nonoffender children with delinquent youth does not address the child's problems, and instead, significantly increases the likelihood that the child will commit a criminal act in the future.

However, in spite of this fact, the proposed amendment would permit status offenders to be placed in the one setting where they will not receive needed treatment and where they will come in contact with serious offenders who can provide them with vocational training in such skills as prostitution, narcotics peddling, and other criminal activities. For status-offenders, secure lockup facilities can truly be called schools for crime.

The Juvenile Justice and Delinquency Prevention Act provides financial assistance to enhance prevention and treatment programs designed to meet the specific needs of noncriminal youth in participating States. Alternatives already available to judges for these youth include foster care, shelter-care homes, group homes, day treatment, home probation, and other designated community-based, diagnostic, treatment, or rehabilitation services.

H.R. 6704 does not ignore the fact that chronic status offenders deserve special attention. Title III of this legislation authorizes funding for demonstration projects to develop special programs to assist with chronic runaways, including those who run from treatment facilities where they have been placed by the court.

Judges should use their expertise and knowledge to provide placements and treatments that will help a child overcome his or her problems and prevent that child from advancing from noncriminal to criminal activities. Incarceration is difficult to justify as either a treatment or a punishment. Status offenders rarely receive counseling that meets their specific emotional and mental health needs while institutionalized. Indeed, secure incarceration masquerading as rehabilitation serves only to increase our already critical crime rate by providing new students for what have become institutionalized schools for crime. If status offenders are incarcerated for punishment purposes, institutionalization punishes the less serious offender more than the criminal offender.

The availability of alternatives as provided under H.R. 6704 greatly enhance the options available to juvenile court judges for rehabilitation without the harmful stigmatization that can accompany contact with the criminal justice system. The fact that a youth runs away from a treatment facility, rather than demonstrating any intentional affront to the court's authority, is merely symptomatic of the very problems for which shelter care was originally provided.

If adopted, this amendment would permit us to lapse back to the lazy method of confinement rather than trying to deal with a child's problems in a positive manner. I do not believe my colleagues in the House of Representatives wish to change a law that has been in existence since 1974 to allow court orders which provide criminal sanctions for noncriminal activities. Such court orders are particularly troublesome because status offenders do not enjoy many of the due process guarantees and protections that are afforded to delinquents.

The evidence which lead the Congress to enact the original deinstitutionalization provisions of the Juvenile Justice and Delinquency Prevention Act are as compelling today as they were in 1974.

I urge my colleagues to defeat this amendment.

Mr. ASHBROOK. Mr. Chairman, will my colleague yield?

Mr. KILDEE. I would be glad to yield to the gentleman from Ohio.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

(At the request of Mr. ASHBROOK, and by unanimous consent, Mr. KILDEE was allowed to proceed for 2 additional minutes.)

Mr. KILDEE. I yield.

Mr. ASHBROOK. Mr. Chairman, I thank my friend, who is a very able legislator and a very compassionate person, but I think we are talking about situations where our young people can actually flout the will of a court. I am thinking of a couple hypotheticals. If we have a truant, an Ohio youth who has been a traditional runaway, a repeat offender who has had court problems and goes to California where he is apprehended, would the gentleman tell me if it is possible for a court in California to hold that youth for either his parents or under a valid order of a court in my State of Ohio?

It is my understanding that unless we have an amendment of this kind, it is difficult or almost impossible for a court to hold that runaway in a secure facility until the parent shows up or the Ohio court can take some action.

Mr. KILDEE. I would be glad to respond to the gentleman from Ohio.

First of all, very often those children stay on the street, stay out of town, stay in California for fear that if they return they will be incarcerated, which could happen under the gentleman's amendment.

My juvenile justice judges in my jurisdiction are opposed to the amendment. They have told me that the present law has required them to use their ingenuity and they find no problem with the present law. They recognize that it is easier to lock someone up, but they have been required to use their ingenuity. Very often the threat of incarceration really will keep that person on the street or out of town or out of the State. Very often, to very complex problems, there can appear to be a simple solution; but my judges have a very good program in my jurisdiction and they disagree with this amendment.

Mr. ASHBROOK. Well, if my colleague will yield further, I appreciate his response but he did not answer my question. If the runaway goes to the gentleman's jurisdiction, what ingenious way are we talking about that they can hold the youth until the parents show up?

Mr. KILDEE. In other States?

Mr. ASHBROOK. Yes. California, as I gave in my original hypothetical or your State, Michigan.

Mr. KILDEE. They can hold them for 24 hours in a secure facility without being a violation of this law, I am told by counsel.

Mr. ASHBROOK. Are you sure the youth can be held 24 hours without there being any violation of law?

Mr. KILDEE. Yes. I am advised by counsel that is the case under this law.

Mr. ASHBROOK. That is not my understanding.

Mr. MILLER of California. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I would hope that the Committee and the House when it gets a chance to vote on this amendment would vote in opposition to the amendment. I think the gentleman from Michigan (Mr.

KILDEE) has properly typified the amendment as a step backward.

I had an opportunity when I was in law school to spend some time working in a crisis clinic in a county hospital out in California and had the opportunity to interview a number of young people who were picked up on the streets, who were brought to the county hospital for evaluation, who were picked up for various activities. These people had run away from home. They were status offenders. They had not shown up at school. They had not stayed home.

Many times when you investigated the background of these young people, you found out that they had made, in fact, a logical choice. They had made a choice to run away from an absolutely intolerable situation where they were being beaten, where they were being molested, or perhaps they had alcoholic parents who were beating one another up, and these children made a determination to leave.

Now, the court can, under this amendment, throw them into jail if they do not return home, because some judge told them to go home; but the judge may not understand that, in fact, that living situation is intolerable and the fact that a young person runs away from home or runs away from school, it would seem to me, is a matter for the family to try to deal with, not the Federal Government by imposing, in fact, the incarceration of these young people in a closed facility.

Now, they leave time and again, but I suggest to you as one who has just completed a major reform of the foster care system in this country, that many of these young people, in fact, leave foster homes where they are being exploited, where they are being beaten, where they are being sexually molested, where alcoholism is present, and they are deciding that it does not make sense for a 17-year-old or a 15-year-old to remain and they leave.

Now we want to tell them that if they do not go back, as the gentleman from Ohio suggested, that they are going to be locked up. Where are they going to be locked up? They are going to be locked up with some of the worst elements of the young society in this country, people who have already become criminals.

Now, it is nice to believe that somehow the judge or the county system will be able to segregate these young people from the others; but I know the situation in my local area. I know the situation in California. We do not have those facilities. They are overtaxed as it is; so these people are going to be out in the juvenile hall with people who are there because of drug peddling, people who are there because of prostitution, people who are there because of robbery or brutality against another citizen, and we are going to take a person who has severe family problems, severe personal problems, and we are going to put them with the criminal. I do not think that is what we want to do.

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I would be glad to yield to the gentleman from Illinois.

Mr. RAILSBACK. I could not agree more with the statement that the gentleman has just made. If we adopt the amendment, as well intentioned as it is, and I believe it is well intentioned, we are really not seeking to develop any kind of a more rational alternative. As the gentleman pointed out, we may have kids that are running away because they have suffered all kinds of harassment or assaults or beatings at home. What a mistake it would be to then say no, we are going to be able to put you in jail with some kid that has committed a very serious offense that may give this so-called status offender a lesson in crime. I could not agree with the gentleman more.

Also, I want to point out that under the bill, as I understand it, there is a provision for some demonstration projects that, hopefully, will come up with some more useful alternatives.

The amendment before us would permit the placement of noncriminal juveniles in secure facilities for violation of a valid court order. If this amendment is approved, a child could be incarcerated for truancy, running away, or simply failing to obey his parents.

In 1974 I strongly supported what I considered to be the focal point of the Juvenile Justice Act and differentiated that act from previous legislative efforts relating to juvenile justice. This important provision, contained in section 223 (a)(12), requires that participating States remove all juveniles who have committed offenses that would not be criminal if committed by an adult—that is, status offenders—and nonoffenders such as dependent or neglected children, from secure detention or secure correctional facilities. The Office of Juvenile Justice and Delinquency Prevention reports that in fiscal year 1979 33 States and territories demonstrated substantial compliance with the deinstitutionalization mandate, and an additional 13 States showed significant progress toward substantial compliance. I felt in 1974, and continue to feel, that attainment of that national goal is important to the juvenile justice system.

In my view, the young status offender should not be subjected to incarceration with juveniles who have been charged with or who have actually committed offenses. Indications are that status offenders incarcerated with juvenile offenders are more susceptible to future encounters with the juvenile justice system and become more likely to commit a serious offense. These secure facilities frequently become "schools of crime" and help to teach criminal patterns of behavior. Furthermore, contact with the juvenile facility serves to label young people as "troublemakers" or "problems," a stigma which they may not be able to overcome. I feel that we should continue to try to achieve the more positive goals of deinstitutionalization of status offenders or nonoffenders.

I recognize that chronic status offenders pose a special problem for juvenile court judges but feel that the alternatives such as community-based treatment, diversion of offenders from the juvenile courts and institutions, and programs to keep potential dropouts in school are far preferable and much more likely to yield positive behavior changes. By requiring the deinstitutionalization of status offenders, these youths will be directed to those agencies most capable of dealing with their human and social needs.

H.R. 6704 addresses the issue of the chronic status offender by authorizing funding for demonstration projects to develop special programs to assist with chronic runaways, including those who repeatedly attempt to leave treatment facilities where they have been placed by the court. The vast majority of status offenders are not in the "noncontrollable" category and should not be under the constant threat of incarceration.

In conclusion, I believe that if we want to prevent the development of criminal careers, we must remove status offenders from secure facilities. This amendment would effectively undermine the purposes of the 1974 Juvenile Justice Act and would help to negate the progress which we have made in the area of juvenile justice. Therefore, I urge you to join with me in opposing this amendment.

□ 1130

Mr. MILLER of California. Mr. Chairman, I just want to say that it also occurs that there are a number of young people who do not go to school and they do not go to school for a reason. They are absolutely in fear of showing up at that facility because they are constantly exploited, they are beaten on a daily basis, their lunch money is taken from them. So they quit going. So they are picked up and they are truants. The courts get involved and because they do not want to go to school they are told that they are then in violation and now we can lock them up.

We have just had a colloquy here on school violence. The gentleman knows one does not have to go too far down the street to run into it.

The CHAIRMAN. The time of the gentleman from California (Mr. MILLER) has expired.

(By unanimous consent Mr. MILLER of California was allowed to proceed for 3 additional minutes.)

Mr. MILLER of California. I think we have to understand that many of these young people are then placed, if the gentleman's amendment is passed, are placed in the intolerable situation of they can either go back to intolerable living situations, either in their family, in a foster home, at the school, or they are going to jail. I suggest that that does not lead to rehabilitation, that does not lead to the solving of the problem. So why do we not just keep the long arm of the Federal Government out of these people's lives? Why do we not require the courts to become more creative, that the courts understand the underlying problems, the underlying problems these young children are fleeing from?

I would have much more sympathy for the amendment if it said, in fact, they could hold the young person for 24 hours,

72 hours, or what have you, until the parents can come and get them. What the gentleman will find out in many instances is that they can hold the children and no parents are going to show up to get them. But the LAPD has trouble with them because they are on the street and because they are young. But nobody is coming from Ohio to claim them because they do not want their kids. That is a very brutal side of our lives in this country but, in fact, it is true.

So that child gets locked up. I think we are really failing to deal with the situation, failing to allow the good parts of this act to be brought into effect to try to help these young people and help their families. The gentleman is being very arbitrary because this is really a very good amendment for a lazy judge. All that he has to do is lock the child up and somehow that threat is going to turn around years of problems these young people have.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Ohio.

Mr. ASHBROOK. My colleague paints an interesting and, I would say, in many instances a novel picture. First of all, my friend indicated he wanted to keep the long arm of the Federal Government out of these situations. It is precisely the long arm of the Government in the form of our 1974 enactment that has forced the local judges into the position they now find themselves. I am merely trying to amend the law so we return to the proper position where judges can make a valid court order mean something.

My colleague has not addressed the situation on how he feels we enhance justice in this country by allowing young people to flaunt a valid order of a court. How does the gentleman address that particular problem? That is what I am talking about. I am talking about the chronic offender.

Mr. MILLER of California. But they have committed no crime.

What the gentleman is doing here is escalating that activity, which is not currently a crime, and making it in fact, at least making the penalty very similar to a crime. Not everything individuals do in the nature of personal freedom today is a crime.

Mr. ASHBROOK. If my colleague will yield further, my colleague is again advocating a very novel idea, that violating a valid order of a court is not a crime. There are many Americans who would find that rather interesting. If an adult violates a valid court order, would you suggest a judge can do nothing? You must be kidding.

Mr. MILLER of California. That is not it at all. The question is the gentleman is dealing with a young person who is engaged in an activity that if that person were an adult, which in some States may be 18, may be 21, it would not be a crime. Why are we making it a crime for this person?

The CHAIRMAN. The time of the gentleman from California (Mr. MILLER) has again expired.

(At the request of Mr. ASHBROOK and by unanimous consent, Mr. MILLER of California was allowed to proceed for 2 additional minutes.)

Mr. MILLER of California. I yield to the gentleman from Ohio.

Mr. ASHBROOK. If my colleague will yield further, you miss the entire point. For you as an adult or for me to violate a valid order of a court, does the gentleman not think that it would subject me to some penalty?

Mr. MILLER of California. What is the underlying order of that court? The underlying order of that court is related to the gentleman's behavior which is, in fact, not a crime. What the gentleman is doing is bootstrapping. This is what is called Federal bootstrapping. The gentleman would be bootstrapping an innocent individual into a situation where they became a criminal. I do not think that is what the gentleman wants to do to young people.

Mr. ASHBROOK. I also think we do not want to place young people in the position where they can flaunt a valid order of a court. You allow the opposite of bootstrapping, you would let the young offender go on his merry way by incapacitating the judge to act in these circumstances.

Mr. MILLER of California. What would the gentleman do as an adult if the court order was to send the gentleman back to his home where he was beaten on a regular basis? What would my colleague do as an adult?

Mr. ASHBROOK. Are you saying the juvenile cannot bring those facts before a judge? Are you saying that judges are so callous that they never side with the juvenile? That has not been my experience nor do I believe it is the experience of the majority of legislators who will vote on this issue.

Mr. MILLER of California. What would the gentleman do if he were 15 years old, a child, and were sent back to his father, who may be my size, who is beating him on a regular basis? Maybe the gentleman would be afraid to tell the judge why he left home for the fear that he was about to be sent back to that home and would be beaten or killed. What would the gentleman do as a 14-, 15-, or 16-year-old child?

Mr. ASHBROOK. My friend has advocated getting the Federal Government into the home in domestic matters where there is wife abuse. What is the next step?

Mr. MILLER of California. No. No. No. I will not have my position characterized in that fashion.

I am an advocate of helping the victims who have left home and who are out on the streets, providing services, not getting into the home. The police go into the homes and they get shot. I will wait until the person comes out of the home.

Mr. ASHBROOK. I would ask my colleague where is his concern for the victims of juvenile crimes?

Mr. MILLER of California. These are not criminals. These are people who have no shelter. These are people who are wandering around the streets. These are people who cannot go home. If they commit a crime, we have a whole body of law to deal with them, and they can be locked up forever. We are not talking about that.

I want the gentleman to answer the question: What would he do as a young person who is put into the position of the court telling him to go back to his home where he is beaten on a regular basis? It happens every day in this country.

The CHAIRMAN. The time of the gentleman from California (Mr. MILLER) has again expired.

(By unanimous consent, Mr. MILLER of California was allowed to proceed for 2 additional minutes.)

Mr. MILLER of California. I yield to the gentleman.

Mr. ASHBROOK. I would not flaunt the will of the court. Also, tell the victims of juvenile crime they have not been raped, mugged, or assaulted by a criminal.

Mr. MILLER of California. You would not flaunt the will of the court? The child cannot go back home, I would say to the gentleman, and that is the problem. The gentleman knows the incidence of child abuse in this country. The gentleman knows the number of children who leave those homes. The gentleman is saying to them that if they do not return to that situation, if they do not return to a situation where they may be killed, because they also know we see a lot of them in the morning where they may be killed, then they have to go to jail. That is not flaunting the will of the court. That is embracing an arbitrary court and a lazy judge who does not want to recognize what is going on.

The gentleman would be pitting some 14-year-old youngster against his family and having him speak up and say, "My father beats me," or some young girl saying, "My father sexually molests me. I cannot go home." That is what the gentleman is asking to be done, because if they do not, they can go to jail and then be beaten, they can go to jail and then be sexually molested if the gentleman's amendment is passed. The gentleman's amendment ought to be rejected for that reason.

Mr. ASHBROOK. Again my colleague advocates the very novel idea that a 14-year-old has judgment superior to the judge of the court. I think that is extreme.

Mr. MILLER of California. The gentleman has not answered the question of what would he do in that situation. I would ask the gentleman: What would you do? Would the gentleman just go home and let his father beat him and stay there until 18 or 21 years of age so he could leave home? Is that what the gentleman would do?

Mr. ASHBROOK. My colleague has indicated in the debate that in every case a court is going to throw them in jail. He knows that is not so.

Mr. MILLER of California. No. No. We only have to do it in one or two cases.

Mr. ASHBROOK. The judge should have that option. That is what I am talking about. That is what my amendment would do.

Mr. MILLER of California. We only have to do it in a few cases where we end up with a few children that are battered and beaten again. The gentleman knows the statistics and the number of homes in which this takes place.

Mr. ASHBROOK. Yes, and we only have to let a few youthful offenders flaunt the law and others will know that they can get by with it, and that will encourage others. What about those many cases where the youth are not battered or beaten?

Mr. MILLER of California. Can the judge not find them in contempt of court? I would ask the gentleman that. Does not the judge have the power to find these people in contempt of court? The whole point of the amendment is that is the body of law that is on the books.

Mr. ASHBROOK. That is exactly what I am talking about, a court order. You make my point. A valid court order is a prerequisite to what you call a contempt citation. You should vote for my amendment.

Mr. COLEMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think we have a real dilemma and it is not really as simple as some of the advocates have made it sound so far.

First of all, the amendment as proposed, I think, would be rarely used as far as a juvenile judge would go.

□ 1140

First of all, it could never be used where the juvenile is a first offender. It is only after he has gone through the process with the juvenile court and the juvenile court has instructed this juvenile to take counseling or to attend school or to do some act. The juvenile has not committed a crime up to this point; he simply has not gone to school. That is not a crime.

The fact of the matter is, however, at some point there has to be some final determination and authority vested in our court system, and our court system has to back up its orders in some way.

The gentleman from California (Mr. MILLER) has indicated that he does not understand that a person can go into civil court, who has never committed a crime, and be ordered by a judge to perform some thing, and this some thing may be to pay his wife alimony. It may be to pay child support. It may be to do good deeds on the weekend. It may be to attend school. The fact of the matter is, however, if you violate that court order based upon a civil wrong, you have then committed a crime. The crime is the commission of the violation of the court order. It is separate from the original jurisdiction of the court as to why the person is in court. If we do not ever back up our court orders with a contempt-of-court citation, there is not any judge in this country, juvenile or adult, who would ever have any final bottom line authority. That is the purpose of this amendment, to give final bottom line authority.

You have given the juvenile the opportunity to go to school or to attend counseling. He has refused. The judge has taken an extensive record. He has called in the parents, he has called in the school officials, he has called in the juvenile officer, he has called in the social worker. He has before him a full record of what this juvenile's problems are.

I suggest that any judge who would require a juvenile to return home as has been discussed here by Mr. MILLER obviously is not performing justice and should be removed from the bench. But the fact of the matter is we have gotten hundreds of thousands of youths who, if this amendment is not passed, can simply thumb their noses at the judge and know that nothing—absolutely nothing—will happen to them. We need to have a contempt-of-court citation in the civil law. This is basic to our jurisprudence in this country. It is beyond me that we can even discuss it and debate this on the floor of the House of Representatives. It is as clear as the air we breathe. This has always been part of our court system. It is not anything different from what has been here for hundreds of years in this country. All we are saying is that a juvenile judge, under the law, will have this authority. Certainly he will have all the record before him to make this decision. We hope that all judges everywhere, make right decisions. We hope all Congressmen everywhere make right decisions. If they do not, there is nothing we can do about it. We just hope that they can.

I think it is a very fair amendment, frankly, and one which the judges require and need to have as a backup.

Mr. KILDEE. Mr. Chairman, will the gentleman yield to me?

Mr. COLEMAN. Mr. Chairman, I yield to the gentleman.

Mr. KILDEE. My district contains Genesee County which is a very microcosmic county. It has a large city with minorities. It has suburbs; it has a farm area. My juvenile justices feel they have been required to use their ingenuity under the 1974 act. They find no problem with that.

Mr. COLEMAN. Let me ask a rhetorical question: What does the judge do with ingenuity when the child comes in and says, "Judge, take a ride. I know what the law is. You cannot do a darned thing to me"? Do you know what? The judge knows the law. He cannot do anything to him. I do not know if there is any ingenuity involved with it. I think it is who is running our court system, the people in front of it or the people who have been empowered by the people—the judges.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RAILSBACK. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Very briefly, I just want to make the point that as I understand it, under section 15(b) the committee provided for supplemental grants to runaway centers which are developing in cooperation with the local juvenile court and social service agencies, the personnel, the model programs designed to provide assistance to juveniles who have repeatedly left and remained away from their homes or from any facilities in which they have been placed as a result of an adjudication.

My feeling is that in the absence of coming up with alternatives, we make a mistake by taking this rather serious step of saying yes, the court in the case of a habitual runaway does have the right to put that child in with somebody who has committed a serious offense. I, for one, believe that the committee has addressed the problem. I think we want to reemphasize to the Secretary the importance of trying to develop useful alternatives; but I do think we make a mistake by adopting the amendment.

I hope we defeat the amendment.

Mr. ASHBROOK. Mr. Chairman, I rise in support of the amendment.

The CHAIRMAN. Without objection, the gentleman is recognized for 5 minutes.

There was no objection.

Mr. ASHBROOK. Mr. Chairman, I take this time because I think my friend, the gentleman from Michigan (Mr. KILDEE), put in the record something at least in my opinion is not accurate. I posed the question of a recurring offender, a truant, a repeater youth who had been in trouble going to California; and I asked him how that youth could be incarcerated or held in a secure facility while a parent came to pick that youth up. My friend, the gentleman from California (Mr. MILLER), says the parent does not want to come. That may be. But do not be diverted by that scenario. I am talking about a situation where the parent wants to come. Will the gentleman tell me under law how the judge in California can hold the Ohio youth until the parent gets there?

Mr. KILDEE. If the gentleman will yield, it is in the rules and regulations. The de minimis rule for holding for a short period of time is in the rules and regulations. That rule and regulation, I would say to the gentleman from Ohio (Mr. ASHBROOK), is based upon the committee reports of 1974 and 1977 and also the conference reports. The rules and regulations are not just something dreamed up by someone over in the agency. They find their genesis in the committee reports of the Congress in 1974 and 1977.

Mr. ASHBROOK. Well, we have established it is not in the law. I did not think so. Does the gentleman have the rule and regulation so we can see it?

Mr. KILDEE. If the gentleman will yield, the rule and regulation is in place. The counsel assures me that that is the rule at the present time. The genesis, the roots for that rule are the committee reports—reports from this body, the U.S. Congress. The agency is not using its own ingenuity or initiative. It derives that regulation from the reports from the Congress.

Mr. ASHBROOK. It is the statement of the gentleman to his colleagues in support of this bill that a judge in Califor-

nia has the tool of a valid rule and regulation that he can implement to hold an Ohio youth who is not a first offender, a truant, a repeat offender, in a secure facility?

Mr. KILDEE. That is what the counsel advises me; yes.

Mr. ASHBROOK. I would simply say that is not my understanding. That is not what my judges are telling me.

I would say even if that were the case, my colleague is taking the unique position of allowing bureaucrats to determine what the law is and—worse, what the law should be. I do not think that has merit. I would say to my colleague from Illinois—for whom I have great respect as one of the senior members of the Judiciary Committee—I do not really think holding out pilot projects that sometime, someplace in the future these pilot projects might bring about a change is a positive way to address a very serious problem is an answer either. It would be a little bit like meeting a thief at the door and my friend, the gentleman from Illinois, showing the would-be felon the Kerner report and saying "Do not commit a crime; look at what crime leads to." Nice theory but it will not deter crime. What my colleagues who oppose this amendment are advocating is to remove from the juvenile judges the basic authority a court must have.

I do not think in the real world when you are talking about the necessity of judges having the option to incarcerate or to hold in a secure facility a youth, that talking about what can be done down the road under a pilot project or some vague rule which we do not even have here on the floor, which we have only been assured by counsel is actually valid—is really the way to legislate. What we are talking about is giving a judge a legitimate, proper option he should have.

My friend, the gentleman from California (Mr. MILLER), kept referring to a judge throwing a youth in jail as if that would be done in every situation. We are not talking about a judge throwing a youth in jail. We are talking about a judge having an option to do that. He should have that option. As my colleague, the distinguished subcommittee ranking minority member, has so ably indicated in the overwhelming majority of cases this would not happen. However, to remove that option from the judge, to allow a youth to flaunt a valid order of a court, and then say we are not going to do anything about it, I think is just plain irresponsible.

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Illinois.

Mr. RAILSBACK. I thank the gentleman for yielding. I guess what really disturbs me more than anything is that we are talking really about young people who are runaways. They are truants. They have not committed a serious criminal offense. What bothers me is the gentleman's alternative, in other words. I recognize that we have a dilemma. I think the gentleman made the point very well that we have to try to find alternatives, but as an alternative for somebody who may be a runaway for good reason to get away from a parent who may be kicking or, in other words, beating him up—I think that we have to do something other than to say, no, you are going to have to go into that jail, even though there may be kids who have committed very serious offenses who may give that truant a lesson in a crime.

☐ 1150

That is what we are worried about.

Mr. ASHBROOK. What we are talking about is basic. Yes; we are talking about a difficult situation. But as an answer to that, are you saying that the court should have only limited jurisdiction and powers? That the court should not have the ability in an individual case to issue an order and do what a court should and must do, have the ability to enforce that order? Is that what you are saying? Are you going to say to the juvenile judge, "Because it is a difficult situation, we wash our hands and leave you hanging." I do not want to say that and I believe most Members do not want to either.

Mr. RAILSBACK. If the gentleman will yield, we really should not be saying that. What we ought to be doing is addressing, which I believe the committee is trying to do by trying to find some really rational, constructive alternatives.

Despite my respect for the gentleman—and as I said, I think it is a well intentioned amendment—I think the gentleman is taking the worst of all possible options. That is my problem.

Mr. ASHBROOK. I would say what my colleague, the gentleman from Michigan, said was the worst of all possible options. He said judges are using ingenious ways to get around what he admits is a dilemma caused by this Congress. Think about that. Think of the implication of that. In a way, "ingenious" is a euphemism for extra-legal ways. Most of us do not like courts to use extra-legal ways to solve a problem. Most judges do not want to be circuitous. We should give them the proper legal option to directly discharge their responsibilities, which this amendment would do, and I urge my colleagues to support it. Liberals normally would attack the judiciary for using indirect, impromptu or ingenious means to detain a citizen. I am shocked that such a course of action would be heralded as an answer, particularly where juveniles are concerned.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. ASHBROOK).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ASHBROOK. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 239, noes 123, not voting 70, as follows:

[Roll No. 643]

AYES—239

Abdnor	Fuqua	Moorhead, Calif.
Addabbo	Gaydos	Mottl
Ale ander	Gephardt	Murphy, Ill.
Andrews, N.C.	Gibbons	Murtha
Andrews, N.Dak.	Gingrich	Myers, Ind.
Annunzio	Goldwater	Natcher
Anthony	Goodling	Nelson
Applegate	Gore	Nichols
Archer	Gradison	Oakar
Ashbrook	Gramm	Panetta
Aspin	Grassley	Pashayan
Atkinson	Grisham	Patterson
Bafalis	Guarini	Pease
Bailey	Gudger	Perkins
Barnard	Guyer	Peyser
Bauman	Hagedorn	Pickle
Beard, Tenn.	Hall, Tex.	Preyer
Benjamin	Hamilton	Pritchard
Bennett	Hance	Quayle
Bereuter	Hanley	Quillen
Biaggi	Hansen	Ratchford
Boggs	Heckler	Regula
Boner	Hefner	Rinaldo
Bonker	Hightower	Ritter
Bouquard	Hillis	Roberts
Bowen	Hinson	Robinson
Breaux	Holland	Rose
Brinkley	Holt	Rostenkowski
Brodmfield	Hopkins	Rousselot
Broyhill	Horton	Royer
Butler	Hubbard	Rudd
Byron	Huckaby	Santini
Carney	Hughes	Sawyer
Chappell	Hutto	Schulze
Cheney	Hyde	Sebelius
Clausen	Ichord	Sensenbrenner
Cleveland	Ireland	Sharp
Clinger	Jacobs	Shelby
Coleman	Jeffries	Shuster
Collins, Tex.	Jenkins	Skelton
Conable	Jones, N.C.	Smith, Iowa
Conte	Jones, Tenn.	Smith, Nebr.
Corcoran	Kazen	Snowe
Coughlin	Kindness	Snyder
Courter	Kramer	Solomon
Crane, Philip	Lagomarsino	Spence
Daniel, Dan	Latta	St Germain
Daniel, R. W.	Leach, Iowa	Staggers
Dannemeyer	Leach, La.	Stanceland
Daschle	Leath, Tex.	Stanton
Davis, S.C.	Lee	Stenholm
de la Garza	Lent	Stockman
Derrick	Levitas	Stratton
Devine	Lewis	Stump
Dickinson	Livingston	Symms
Dicks	Lloyd	Tauzin
Dornan	Loeffler	Thomas
Dougherty	Lott	Trible
Duncan, Tenn.	Lujan	Ullman
Edwards, Ala.	Luken	Vander Jagt
Edwards, Okla.	Lungren	Volkmer
Emery	McClory	Walgren
English	McDade	Walker
Erlenborn	McDonald	Watkins
Ertel	McEwen	Whitley
Evans, Ga.	McKay	Whittaker
Evans, Ind.	Madigan	Whitten
Fary	Marks	Wilson, Tex.
Fascell	Marlenee	Winn
Ferraro	Marriott	Wright
Findley	Martin	Wyatt
Fish	Mathis	Wylie
Fithian	Mavroules	Yatron
Flippo	Mica	Young, Alaska
Foley	Miller, Ohio	Young, Fla.
Forsythe	Minish	Young, Mo.
Fountain	Mitchell, N.Y.	Zablocki
Fowler	Mollohan	Zeferetti
Frenzel	Montgomery	
Frost	Moore	

NOES—123

Akaka	Brodhead	Dellums
Albosta	Buchanan	Derwinski
Anderson, Calif.	Burton, John	Dixon
AuCoin	Burton, Phillip	Downey
Baldus	Cavanaugh	Duncan, Oreg.
Barnes	Chisholm	Early
Bedell	Clay	Eckhardt
Bellenson	Coelho	Edgar
Bingham	Conyers	Edwards, Calif.
Boland	Corman	Erdahl
Bonior	D'Amours	Fazio
Brademas	Danielson	Fenwick
	Davis, Mich.	Fisher

Ford, Tenn.	Lundine	Rosenthal
Giaimo	McHugh	Roth
Gilman	Maguire	Roybal
Gonzalez	Markey	Russo
Gray	Matsui	Sabo
Green	Mattox	Scheuer
Hall, Ohio	Mazzoli	Schroeder
Hammer-schmidt	Mikulski	Seiberling
Harkin	Miller, Calif.	Shannon
Harris	Mineta	Simon
Hawkins	Mitchell, Md.	Solarz
Hollenbeck	Moakley	Stack
Holtzman	Moorhead, Pa.	Stark
Howard	Murphy, Pa.	Stewart
Hutchinson	Nowak	Stokes
Jeffords	Oberstar	Studds
Johnson, Calif.	Obey	Synar
Jones, Okla.	Ottinger	Van Deerlin
Kastenmeier	Paul	Vanik
Kildee	Pepper	Vento
Kogovsek	Petri	Wayman
Kostmayer	Porter	Weaver
LaFalce	Price	Weiss
Lehman	Rahall	White
Leland	Railsback	Williams, Mont.
Long, La.	Rangel	Wirth
Long, Md.	Reuss	Wolpe
Lowry	Richmond	Yates
	Rodino	

NOT VOTING—70

Ambro	Donnelly	O'Brien
Anderson, Ill.	Drinan	Patten
Ashley	Evans, Del.	Pursell
Badham	Florio	Rhodes
Beard, R.I.	Ford, Mich.	Roe
Bethune	Garcia	Satterfield
Bevill	Ginn	Shumway
Blanchard	Harsha	Spellman
Bolling	Heftel	Steed
Brooks	Jenrette	Swift
Brown, Calif.	Johnson, Colo.	Tauke
Brown, Ohio	Kelly	Taylor
Burgener	Kemp	Thompson
Burlison	Lederer	Traxler
Campbell	McCloskey	Udall
Carr	McCormack	Wampler
Carter	McKinney	Whitehurst
Collins, Ill.	Michel	Williams, Ohio
Cotter	Moffett	Wilson, Bob
Crane, Daniel	Murphy, N.Y.	Wilson, C. H.
Crockett	Musto	Wolff
Deckard	Neal	Wydler
Dingell	Nedzi	
Dodd	Nolan	

□ 1200

The Clerk announced the following pairs:

On this vote:

Mr. Wampler for, with Mr. Florio against.

Mr. Taylor for, with Mr. Patten against.

Mr. Michel for, with Mr. Thompson against.

Mr. Campbell for, with Mr. Garcia against.

Mr. Burgener for, with Mr. Moffett against.

Mr. Badham for, with Mr. Ford of Michigan against.

Mr. Daniel B. Crane for, with Mr. Dingell against.

Mr. Ginn for, with Mr. Nedzi against.

Messrs. LONG of Maryland, AuCOIN, and WEAVER changed their votes from "aye" to "no."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

□ 1210

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GORE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6704) to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to extend the authorization of appropriations for such act, and for other purposes, pursuant to House Resolution 732, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. ANDREWS of North Carolina. Mr. Speaker, pursuant to the provisions of House Resolution 732, I call up the Senate bill (S. 2441) to amend the Juvenile Justice and Delinquency Prevention Act of 1974, and for other purposes.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. ANDREWS OF NORTH CAROLINA

Mr. ANDREWS of North Carolina. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ANDREWS of North Carolina moves to strike out all after the enacting clause of the Senate bill, S. 2441, and to insert in lieu thereof the provisions of H.R. 6704, as passed, as follows:

SHORT TITLE

SECTION 1. This Act may be cited as the "Juvenile Justice Amendments of 1980".

AUTHORIZATION OF APPROPRIATIONS

SEC. 2. (a) Section 261(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5671(a)) is amended—

(1) by striking out "$150,000,000" and all that follows through "1979, and"; and

(2) by striking out "for the fiscal year ending September 30, 1980" and inserting in lieu thereof "for each of the fiscal years ending September 30, 1981, September 30, 1982, September 30, 1983, and September 30, 1984".

(b) Section 341(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5751(a)) is amended by striking out "June 30, 1975" and all that follows through "1980" and inserting in lieu thereof the following: "September 30, 1981, September 30, 1982, September 30, 1983, and September 30, 1984".

FINDINGS

SEC. 3. Section 101(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5601(a)) is amended—

(1) in paragraph (4) thereof, by inserting "alcohol and other" after "abuse";

(2) in paragraph (6) thereof, by striking out "and" at the end thereof;

(3) in paragraph (7) thereof, by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

(4) by adding at the end thereof the following new paragraph:

"(8) the juvenile justice system should give additional attention to the problem of juveniles who commit serious crimes, with particular attention given to the areas of sentencing, providing resources necessary for informed dispositions, and rehabilitation.".

PURPOSE

SEC. 4. (a) Section 102(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5602(a)) is amended—

(1) in paragraph (6) thereof, by striking out "and" at the end thereof;

(2) in paragraph (7) thereof, by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(8) to assist State and local governments in removing juveniles from jails and lockups for adults.".

(b) Section 102(b)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5602(b)(1)) is amended by inserting before the semicolon at the end thereof the following: ", including methods with a special focus on maintaining and strengthening the family unit so that juveniles may be retained in their homes".

DEFINITIONS

SEC. 5. (a) Section 103(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603(1)) is amended by inserting "special education," after "training.".

(b) Section 103(4) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603(4)) is amended to read as follows:

"(4)(A) the term 'Office of Justice Assistance, Research, and Statistics' means the office established by section 801(a) of the Omnibus Crime Control and Safe Streets Act of 1968;

"(B) the term 'Law Enforcement Assistance Administration' means the administration established by section 101 of the Omnibus Crime Control and Safe Streets Act of 1968;

"(C) the term 'National Institute of Justice' means the institute established by section 202(a) of the Omnibus Crime Control and Safe Streets Act of 1968; and

"(D) the term 'Bureau of Justice Statistics' means the bureau established by section 302(a) of the Omnibus Crime Control and Safe Streets Act of 1968;".

(c) Section 103(7) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603(7)) is amended by striking out "and any territory or possession of the United States" and inserting in lieu thereof "the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands".

(d) Section 103(9) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603(9)) is amended by striking out "law enforcement" and inserting in lieu thereof "juvenile justice and delinquency prevention".

(e) Section 103(12) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603(12)) is amended to read as follows:

"(12) the term 'secure detention facility' means any public or private residential facility which—

"(A) includes construction fixtures designed to physically restrict the movements and activities of juveniles or other individuals held in lawful custody in such facility; and

"(B) is used for the temporary placement of any juvenile who is accused of having committed an offense, of any nonoffender, or of any other individual accused of having committed a criminal offense;".

(f) Section 103 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603) is amended—

(1) by redesignating paragraph (13) as paragraph (15); and

(2) by inserting after paragraph (12) the following new paragraphs:

"(13) the term 'secure correctional facility' means any public or private residential facility which—

"(A) includes construction fixtures designed to physically restrict the movements and activities of juveniles or other individ-

uals held in lawful custody in such facility; and

"(B) is used for the placement, after adjudication and disposition, of any juvenile who has been adjudicated as having committed an offense, any nonoffender, or any other individual convicted of a criminal offense;

"(14) the term 'serious crime' means criminal homicide, forcible rape, mayhem, kidnapping, aggravated assault, robbery, larceny or theft punishable as a felony, motor vehicle theft, burglary or breaking and entering, extortion accompanied by threats of violence, and arson punishable as a felony; and".

(g) Section 103(15) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in subsection (f)(1), is amended—

(1) by inserting "special education," after "educational,"; and

(2) by striking out "and benefit the addict" and all that follows through ", and his" and inserting in lieu thereof ", including services designed to benefit addicts and other users by eliminating their dependence on alcohol or other addictive or nonaddictive drugs or by controlling their dependence and".

OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

SEC. 6. (a) Section 201(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611(a)) is amended by striking out "Law Enforcement Assistance Administration" and inserting in lieu thereof "under the general authority of the Attorney General".

(b) Section 201(d) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611(d)) is amended—

(1) in the first sentence thereof, by striking out "direction of" and all that follows through "Administration" and inserting in lieu thereof "general authority of the Attorney General";

(2) in the second sentence thereof, by striking out ", subject to the direction of the Administrator,", and by inserting "prescribe regulations for," before "award";

(3) in the third sentence thereof—

(A) by inserting "of the Law Enforcement Assistance Administration and the Director of the National Institute of Justice" after "Administrator" the first place it appears therein; and

(B) by inserting "of the Office of Juvenile Justice and Delinquency Prevention" after "Administrator" the last place it appears therein; and

(4) by striking out the last sentence thereof.

(c) Section 201(e) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611(e)) is amended by striking out "Administrator of the Law Enforcement Assistance Administration" and inserting in lieu thereof "Attorney General".

(d) Section 201(f) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611(f)) is amended by striking out "Administrator" the last place it appears therein and inserting in lieu thereof "Attorney General".

CONCENTRATION OF FEDERAL EFFORTS

SEC. 7. (a) Section 204(b) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5614(b)) is amended—

(1) by striking out ", with the assistance of the Associate Administrator,"; and

(2) in paragraph (6) thereof, by inserting "and training assistance" after "technical assistance".

(b) Section 204 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5614) is amended by adding at the end thereof the following new subsection:

"(m) To carry out the purposes of this section, there is authorized to be appropriated for each fiscal year an amount which does not exceed 7.5 percent of the total amount appropriated to carry out this title.".

COORDINATING COUNCIL ON JUVENILE JUSTICE AND DELINQUENCY PREVENTION

SEC. 8. (a) Section 206(a)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(a)(1)) is amended—

(1) by inserting "the Secretary of Education, the Secretary of Housing and Urban Development, the Director of the Community Services Administration," after "Secretary of Labor,"; and

(2) by striking out "the Secretary of Housing and Urban Development," and inserting in lieu thereof "the Director of the Bureau of Prisons, the Commissioner of the Bureau of Indian Affairs, the Director for the Office of Special Education and Rehabilitation Services, the Commissioner for the Administration for Children, Youth, and Families, and the Director of the Youth Development Bureau,".

(b) Section 206(c) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(c)) is amended—

(1) by striking out "the Attorney General and";

(2) by inserting ", and to the Congress," after "President"; and

(3) by adding at the end thereof the following new sentence: "The Council shall review, and make recommendations with respect to, any joint funding proposal undertaken by the Office of Juvenile Justice and Delinquency Prevention and any agency represented on the Council.".

(c) Section 206(d) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(d)) is amended by striking out "a minimum of four times per year" and inserting in lieu thereof "at least quarterly".

(d) Section 206(e) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(e)) is amended by striking out "may" and inserting in lieu thereof "shall".

(e) Section 206(g) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(g)) is amended by inserting ", not to exceed $500,000 for each fiscal year" before the period at the end thereof.

NATIONAL ADVISORY COMMITTEE FOR JUVENILE JUSTICE AND DELINQUENCY PREVENTION

SEC. 9. Part A of title II of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611 et seq.) is amended by striking out section 207, section 208, and section 209, and inserting in lieu thereof the following new section:

"NATIONAL ADVISORY COMMITTEE FOR JUVENILE JUSTICE AND DELINQUENCY PREVENTION

"SEC. 207. (a)(1) There is hereby established a National Advisory Committee for Juvenile Justice and Delinquency Prevention (hereinafter in this Act referred to as the 'Advisory Committee') which shall consist of 15 members appointed by the President.

"(2) Members shall be appointed who have special knowledge concerning the prevention and treatment of juvenile delinquency or the administration of juvenile justice, such as juvenile or family court judges; probation, correctional, or law enforcement personnel; representatives of private, voluntary organizations and community-based programs, including youth workers involved with alternative youth programs; and persons with special training or experience in addressing the problems of youth unemployment, school violence and vandalism, and learning disabilities.

"(3) At least 5 of the individuals appointed as members of the Advisory Committee shall not have attained 24 years of age on or before the date of their appointment. At least 2 of the individuals so appointed shall have been or shall be (at the time of appointment) under the jurisdiction of the juvenile justice system. The Advisory Committee shall contact and seek regular input from juveniles currently under the jurisdiction of the juvenile justice system.

"(4) The President shall designate the Chairman from members appointed to the Advisory Committee. No full-time officer or employee of the Federal Government may be appointed as a member of the Advisory Committee, nor may the Chairman be a full-time officer or employee of any State or local government.

"(b)(1) Members appointed by the President shall serve for terms of 3 years. Of the members first appointed, 5 shall be appointed for terms of 1 year, 5 shall be appointed for terms of 2 years, and 5 shall be appointed for terms of 3 years, as designated by the President at the time of appointment. Thereafter, the term of each member shall be 3 years. The initial appointment of members shall be made not later than 90 days after the effective date of this section.

"(2) Any member appointed to fill a vacancy occurring before the expiration of the term for which the predecessor of such member was appointed shall be appointed only for the remainder of such term. The President shall fill a vacancy not later than 90 days after such vacancy occurs. Members shall be eligible for reappointment and may serve after the expiration of their terms until their successors have taken office.

"(c) The Advisory Committee shall meet at the call of the Chairman, but not less than quarterly. Ten members of the Advisory Committee shall constitute a quorum.

"(d) The Advisory Committee shall—

"(1) review and evaluate, on a continuing basis, Federal policies regarding juvenile justice and delinquency prevention and activities affecting juvenile justice and delinquency prevention conducted or assisted by all Federal agencies;

"(2) advise the Administrator with respect to particular functions or aspects of the work of the Office;

"(3) advise, consult with, and make recommendations to the National Institute of Justice and the National Institute for Juvenile Justice and Delinquency Prevention concerning the overall policy and operations of each such Institute regarding juvenile justice and delinquency prevention research, evaluations, and training provided by each such Institute; and

"(4) make refinements in recommended standards for the administration of juvenile justice at the Federal, State, and local levels which have been reviewed under section 247, and recommend Federal, State, and local action to facilitate the adoption of such standards throughout the United States.

"(e) Beginning in 1981, the Advisory Committee shall submit such interim reports as it considers advisable to the President and to the Congress, and shall submit an annual report to the President and to the Congress not later than March 31 of each year. Each such report shall describe the activities of the Advisory Committee and shall contain such findings and recommendations as the Advisory Committee considers necessary or appropriate.

"(f) The Advisory Committee shall have staff personnel, appointed by the Chairman with the approval of the Advisory Committee, to assist it in carrying out its activities. The head of each Federal agency shall make available to the Advisory Committee such information and other assistance as it may require to carry out its activities. The Advisory Committee shall not have any authority to procure any temporary or intermittent services of any personnel under section 3109 of title 5, United States Code, or under any other provision of law.

"(g)(1) Members of the Advisory Committee shall, while serving on business of the Advisory Committee, be entitled to receive

compensation at a rate not to exceed the daily rate specified for Grade GS-18 of the General Schedule in section 5332 of title 5, United States Code, including travel time.

"(2) Members of the Advisory Committee, while serving away from their places of residence or regular places of business, shall be entitled to reimbursement for travel expenses, including per diem in lieu of subsistence, in the same manner as the expenses authorized by section 5703 of title 5, United States Code, for persons in the Federal Government service employed intermittently.

"(h) To carry out the purposes of this section, there is authorized to be appropriated such sums as may be necessary, not to exceed $500,000 for each fiscal year.".

ALLOCATION

SEC. 10. The last sentence of section 222(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5632(a)) is amended by striking out "and", and by inserting ", and the Commonwealth of the Northern Mariana Islands" after "Pacific Islands".

STATE PLANS

SEC. 11. (a)(1) Section 223(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)) is amended by striking out "consistent with the provisions" and all that follows through "such plan must" and inserting in lieu thereof the following: "applicable to a 3-year period. Such plan shall be amended annually to include new programs, and the State shall submit annual performance reports to the Administrator which shall describe progress in implementing programs contained in the original plan, and shall describe the status of compliance with State plan requirements. In accordance with regulations which the Administrator shall prescribe, such plan shall",

(2) Section 223(a)(3)(A) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(3)(A)) is amended by striking out "twenty-one" and inserting in lieu thereof "15", and by striking out "thirty-three" and inserting in lieu thereof "33".

(3) Section 223(a)(3)(B) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(3)(B)) is amended—

(A) by inserting "locally elected officials," after "include"; and

(B) by inserting "special education," after "education,".

(4) Section 223(a)(3)(E) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(3)(E)) is amended—

(A) by striking out "one-third" and inserting in lieu thereof "one-fifth";

(B) by striking out "twenty-six" and inserting in lieu thereof "24";

(C) by inserting ", and" after "appointment"; and

(D) by striking out "three of whom" and inserting in lieu thereof "3 of whose members".

(5) Section 223(a)(3)(F) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(3)(F)) is amended—

(A) by striking out "(ii) may advise" and all that follows through "requested;" and inserting in lieu thereof "(ii) shall submit to the Governor and the legislature at least annually recommendations with respect to matters related to its functions, including State compliance with the requirements of paragraph (12)(A) and paragraph (13);"; and

(B) by adding at the end thereof the following: "and (v) shall contact and seek regular input from juveniles currently under the jurisdiction of the juvenile justice system;".

(6) Section 223(a)(3)(F)(iii) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(3)(F)(iii)) is amended by striking out "and" at the end thereof.

(7) Section 223(a)(8) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(8)) is amended to read as follows:

"(8) provide for (A) an analysis of juvenile crime problems and juvenile justice and delinquency prevention needs within the relevant jurisdiction, a description of the services to be provided, and a description of performance goals and priorities, including a specific statement of the manner in which programs are expected to meet the identified juvenile crime problems and juvenile justice and delinquency prevention needs of the jurisdiction; (B) an indication of the manner in which the programs relate to other similar State or local programs which are intended to address the same or similar problems; and (C) a plan for the concentration of State efforts which shall coordinate all State juvenile delinquency programs with respect to overall policy and development of objectives and priorities for all State juvenile delinquency programs and activities, including provision for regular meetings of State officials with responsibility in the area of juvenile justice and delinquency prevention;".

(8) Section 223(a)(10) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(10)) is amended—

(A) by striking out "juvenile detention and correctional facilities" and inserting in lieu thereof "confinement in secure detention facilities and secure correctional facilities";

(B) by striking out "and" the fifth place it appears therein;

(C) by inserting after "standards" the following: ", and to provide programs for juveniles who have committed serious crimes, particularly programs which are designed to improve sentencing procedures, provide resources necessary for informed dispositions, and provide for effective rehabilitation"; and

(D) by adding at the end thereof the following new subparagraph:

"(J) projects designed both to deter involvement in illegal activities and to promote involvement in lawful activities on the part of juvenile gangs and their members;"

(9) Section 223(a)(10)(A) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(10)(A)) is amended by inserting "education, special education,", after "home programs,".

(10) Section 223(a)(10)(E) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(10)(E)) is amended by striking out "keep delinquents and to", and by inserting "delinquent youth and" after "encourage".

(11) Section 223(a)(10)(H) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(10)(H)) is amended to read as follows:

"(H) statewide programs through the use of subsidies or other financial incentives to units of local government designed to—

"(i) remove juveniles from jails and lockups for adults;

"(ii) replicate juvenile programs designated as exemplary by the National Institute of Justice;

"(iii) establish and adopt, based upon the recommendations of the Advisory Committee, standards for the improvement of juvenile justice within the State; or

"(iv) increase the use of nonsecure community-based facilities and discourage the use of secure incarceration and detention;".

(12) Section 223(a)(10)(I) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(10)(I)) is amended to read as follows:

"(I) programs designed to develop and implement projects relating to juvenile delinquency and learning disabilities, including on-the-job training programs to assist law enforcement and juvenile justice personnel to more effectively recognize and provide for learning disabled and other handicapped juveniles; and".

(13) Section 223(a)(12)(A) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(12)(A)) is amended—

(A) by inserting "or offenses which do not constitute violations of valid court orders" after "adult"; and

(B) by striking out "juvenile detention or correctional facilities" and inserting in lieu thereof "secure detention facilities or secure correctional facilities".

(14) Section 223(a)(15) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in paragraph (15)(A), is amended—

(A) by striking out "paragraph (12)(A) and paragraph (13)" and inserting in lieu thereof "paragraph (12)(A), paragraph (13), and paragraph (14)"; and

(B) by inserting before the semicolon at the end thereof the following: ", except that such reporting requirements shall not apply in the case of a State which is in compliance with the other requirements of this paragraph, which is in compliance with the requirements in paragraph (12)(A) and paragraph (13), and which has enacted legislation which conforms to such requirements and which contains, in the opinion of the Administrator, sufficient enforcement mechanisms to ensure that such legislation will be administered effectively".

(15) Section 223(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)), as amended by the foregoing provisions of this subsection, is further amended—

(A) by redesignating paragraph (14) through paragraph (21) as paragraph (15) through paragraph (22), respectively, and by inserting after paragraph (13) the following new paragraph:

"(14) provide that, beginning after the 5-year period following the date of the enactment of the Juvenile Justice Amendments of 1980, no juvenile shall be detained or confined in any jail or lockup for adults, except that the Administrator shall promulgate regulations which (A) recognize the special needs of areas characterized by low population density with respect to the detention of juveniles; and (B) shall permit the temporary detention in such adult facilities of juveniles accused of serious crimes against persons, subject to the provisions of paragraph (13), where no existing acceptable alternative placement is available;"; and

(B) by adding at the end thereof the following new sentence: "Such plan shall be modified by the State, as soon as practicable after the date of the enactment of the Juvenile Justice Amendments of 1980, in order to comply with the requirements of paragraph (14).".

(b) Section 223(c) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(c)) is amended—

(1) by striking out ", with the concurrence of the Associate Administrator,";

(2) by inserting after "juveniles" the following: "or through removal of 100 percent of such juveniles from secure correctional facilities"; and

(3) by adding at the end thereof the following new sentence: "Failure to achieve compliance with the requirements of subsection (a)(14) within the 5-year time limitation shall terminate any State's eligibility for funding under this subpart, unless the Administrator determines that (1) the State is

in substantial compliance with such requirements through the achievement of not less than 75 percent removal of juveniles from jails and lockups for adults; and (2) the State has made, through appropriate executive or legislative action, an unequivocal commitment to achieving full compliance within a reasonable time, not to exceed 2 additional years.".

(c) Section 223(d) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(d)) is amended—

(1) by inserting "endeavor to" after "the Administrator shall";

(2) by striking out "public and private" and all that follows through "section 224" and inserting in lieu thereof "local public and private nonprofit agencies within such State for use in carrying out the purposes of subsection (a)(12)(A), subsection (a)(13), or subsection (a)(14)";

(3) by striking out "endeavor to make such reallocated funds" and inserting in lieu thereof "make funds which remain available after disbursements are made by the Administrator under the preceding sentence, and any other unobligated funds,";

(4) by striking out "a preferential" and inserting in lieu thereof "an equitable";

(5) by striking out "to programs in nonparticipating States under section 224(a)(2) and";

(6) by striking out "substantial or"; and

(7) by striking out "subsection (a)(12)(A) requirement" and all that follows through "subsection (c)" and inserting in lieu thereof "requirements under subsection (a)(12)(A) and subsection (a)(13)".

SPECIAL EMPHASIS PREVENTION AND TREATMENT PROGRAMS

SEC. 12. (a) Section 224(a)(5) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5634(a)(5)) is amended to read as follows:

"(5) develop statewide programs through the use of subsidies or other financial incentives designed to—

"(A) remove juveniles from jails and lockups for adults;

"(B) replicate juvenile programs designated as exemplary by the National Institute of Justice; or

"(C) establish and adopt, based upon recommendations of the Advisory Committee, standards for the improvement of juvenile justice within the State;".

(b) Section 224(a)(11) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5634(a)(11)) is amended by inserting before the period at the end thereof the following: ", including on-the-job training programs to assist law enforcement personnel and juvenile justice personnel to more effectively recognize and provide for learning disabled and other handicapped juveniles".

(c) Section 224(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5634(a)) is amended—

(1) in paragraph (10) thereof, by striking out "and" at the end thereof;

(2) in paragraph (11) thereof, by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(12) develop and implement special emphasis prevention and treatment programs relating to juveniles who commit serious crimes.".

(d) Section 224 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5634) is amended by adding at the end thereof the following new subsection:

"(d) Assistance provided pursuant to this section shall be available on an equitable basis to deal with disadvantaged youth, including females, minority youth, and mentally retarded and emotionally or physically handicapped youth.

"(e) At least 5 percent of the funds available for grants and contracts made pursuant to this section shall be available for grants and contracts designed to address the special needs and problems of juvenile delinquency in the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Commonwealth of the Northern Mariana Islands.".

USE OF FUNDS

SEC. 13. (a) Section 227 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5637) is amended by adding at the end thereof the following new subsection:

"(c) Funds paid pursuant to section 223(a)(10)(D) and section 224(a)(7) to any public or private agency, organization, or institution or to any individual (whether directly or through a State criminal justice council) shall not be used to pay for any personal service, advertisement, telegram, telephone communication, letter, printed or written matter, or other device, intended or designed to influence a Member of the Congress or any other Federal, State, or local elected official to favor or oppose any Acts, bills, resolutions, or similar legislation, or any referendum, initiative, constitutional amendment, or any similar procedure by the Congress, any State legislature, any local council, or any similar governing body, except that this subsection shall not preclude such funds from being used in connection with communications to Federal, State, or local elected officials, upon the request of such officials through proper official channels, pertaining to authorization, appropriation, or oversight measures directly affecting the operation of the program involved. The Administrator shall take such action as may be necessary to ensure that no funds paid under section 223(a)(10)(D) or section 224(a)(7) are used either directly or indirectly in any manner prohibited in this subsection.

PAYMENTS

SEC. 14. (a) Section 228 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5638) is amended—

(1) by striking out subsection (a) and subsection (b) thereof, and by striking out the section designation preceding subsection (a);

(2) by redesignating subsection (c) through subsection (g) as subsection (a) through subsection (e), respectively; and

(3) by inserting "SEC. 228." before subsection (a), as so redesignated in paragraph (2).

(b) Section 228(e) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in subsection (a), is amended—

(1) by inserting "subpart II of" after "applicant under"; and

(2) by striking out "under section 224" and inserting in lieu thereof "in an equitable manner to States which have complied with the requirements in section 223(a)(12)(A) and section 223(a)(13), under section 224(a)(5)".

DESIGNATION OF STATE AGENCIES

SEC. 15. Section 261 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5671) is amended by adding at the end thereof the following new subsection:

"(c) Notwithstanding any other provision of law, if the Administrator determines, in his discretion, that sufficient funds have not been appropriated for any fiscal year for the activities authorized in part D of title I of the Omnibus Crime Control and Safe Streets Act of 1968, then the Administrator is authorized to—

"(1) approve any appropriate State agency designated by the Governor of the State involved as the sole agency responsible for supervising the preparation and administration of the State plan submitted under section 223; and

"(2) establish appropriate administrative and supervisory board membership requirements for any agency designated in accordance with paragraph (1), and permit the State advisory group appointed under section 223(a)(3) to operate as the supervisory board for such agency, at the discretion of the Governor.".

ADMINISTRATIVE PROVISIONS

SEC. 16. Section 262 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5672) is amended to read as follows:

"APPLICABILITY OF OTHER ADMINISTRATIVE PROVISIONS

"SEC. 262. (a) The administrative provisions of sections 802(a), 802(c), 803, 804, 805, 806, 807, 810, 812, 813, 814(a), 815(c), 817(a), 817(b), 817(c), 818(a), 818(b), and 818(d) of the Omnibus Crime Control and Safe Streets Act of 1968 are incorporated in this Act as administrative provisions applicable to this Act. References in the cited sections authorizing action by the Director of the Office of Justice Assistance, Research and Statistics, the Administrator of the Law Enforcement Assistance Administration, the Director of the National Institute of Justice, and the Director of the Bureau of Justice Statistics also shall be construed as authorizing the Administrator of the Office of Juvenile Justice and Delinquency Prevention to perform the same action.

"(b) The Office of Justice Assistance, Research, and Statistics shall directly provide staff support to, and coordinate the activities of, the Office of Juvenile Justice and Delinquency Prevention in the same manner as it is authorized to provide staff support and coordinate the activities of the Law Enforcement Assistance Administration, National Institute of Justice, and Bureau of Justice Statistics pursuant to section 801(b) of the Omnibus Crime Control and Safe Streets Act of 1968.".

REPORT REGARDING CONFINEMENT OF JUVENILES IN JAILS FOR ADULTS

SEC. 17. (a) The Administrator of the Office of Juvenile Justice and Delinquency Prevention, not later than 18 months after the date of the enactment of this Act, shall submit a report to the Congress relating to the cost and implications of any requirement added to the Juvenile Justice and Delinquency Prevention Act of 1974 which would mandate the removal of juveniles from adults in all jails and lockups.

(b) The report required in subsection (a) shall include—

(1) an estimate of the costs likely to be incurred by the States in implementing the requirement specified in subsection (a);

(2) an analysis of the experience of States which currently require the removal of juveniles from adults in all jails and lockups;

(3) an analysis of possible adverse ramifications which may result from such requirement of removal, including an analysis of whether such requirement would lead to an expansion of the residential capacity of secure detention facilities and secure correctional facilities for juveniles, thus resulting in a net increase in the total number of juveniles detained or confined in such facilities; and

(4) recommendations for such legislative or administrative action as the Administrator considers appropriate.

RUNAWAY AND HOMELESS YOUTH

SEC. 18. (a) The heading for title III of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5701 et seq.) is amended to read as follows:

"TITLE III—RUNAWAY AND HOMELESS YOUTH"

(b) Section 301 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42

U.S.C. 5701 note) is amended by inserting "and Homeless" after "Runaway".

(c) Section 311 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5711) is amended—

(1) by inserting "(a)" after the section designation;

(2) by inserting "equitably among the States based upon their respective populations of youth under 18 years of age" after "shall be made";

(3) by inserting ", and their families," after "homeless youth";

(4) by inserting after "services." the following new sentence: "Grants also may be made for provision of a national communications system for the purpose of assisting runaway and homeless youth in communicating with their families and with service providers."; and

(5) by adding at the end thereof the following new subsections:

"(b) The Secretary is authorized to provide supplemental grants to runaway centers which are developing, in cooperation with local juvenile court and social service agency personnel, model programs designed to provide assistance to juveniles who have repeatedly left and remained away from their homes or from any facilities in which they have been placed as the result of an adjudication.

"(c) The Secretary is authorized to provide on-the-job training to local runaway and homeless youth center personnel and coordinated networks of local law enforcement, social service, and welfare personnel to assist such personnel in recognizing and providing for learning disabled and other handicapped juveniles.".

(d)(1) Section 312(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5712(a)) is amended by striking out "house" and inserting in lieu thereof "center", and by inserting "or to other homeless juveniles" before the period at the end thereof.

(2) Section 312(b) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5712(b)) is amended—

(A) by striking out "house" each place it appears therein and inserting in lieu thereof "center"; and

(B) in paragraph (4) thereof, by inserting "social service personnel, and welfare personnel," after "personnel.".

(e) Section 313 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5713) is amended by striking out "$100,000" and inserting in lieu thereof "$150,000", and by striking out "any applicant whose program budget is smaller than $150,000" and inserting in lieu thereof "organizations which have a demonstrated experience in the provision of service to runaway and homeless youth and their families".

(f) Section 315 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5715) is amended by striking out "houses" and inserting in lieu thereof "centers".

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 19. (a) Section 103(5) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603(5)) is amended by striking out "section 101(b)" and all that follows through "amended" and inserting in lieu thereof "section 201(c)".

(b)(1) Section 201(c) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611(c)) is amended—

(A) in the first sentence thereof, by striking out "Associate"; and

(B) by striking out the last sentence thereof.

(2) Section 201(d) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611(d)) is amended by striking out "Associate" each place it appears therein.

(3) Section 201(e) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611(e)) is amended by striking out "Associate" each place it appears therein, and by striking out "Office" the last place it appears therein and inserting in lieu thereof "office".

(4) Section 201(f) of the Juvenile Justice and Delinquency Protection Act of 1974 (42 U.S.C. 5611(f)) is amended by striking out "Associate".

(c)(1) Section 202(c) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5612(c)) is amended by striking out "Associate".

(2) Section 202(d) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5612(d)) is amended by striking out "title I" and inserting in lieu thereof "title 5".

(d)(1) Section 204(d)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5614(d)(1)) is amended by striking out "Associate".

(2) Section 204(g) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5614(g)) is amended by striking out "Administration" and inserting in lieu thereof "Office".

(3) Section 204(l) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5614(l)) is amended by striking out "Associate".

(4) Section 204(k) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5614(k)) is amended by striking out "the Department of Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(5) Section 204(l)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5614(l)(1)) is amended by striking out "Associate".

(e) Section 205 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5615) is amended by striking out "Associate" each place it appears therein.

(f)(1) Section 206(a)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(a)(1)) is amended—

(A) by striking out ", Education and Welfare" and inserting in lieu thereof "and Human Services";

(B) by striking out "the Commissioner of the Office of Education,";

(C) by inserting "the Director of the Office of Justice Assistance, Research, and Statistics, the Administrator of the Law Enforcement Assistance Administration," after "designees,";

(D) by striking out "Associate" each place it appears therein; and

(E) by inserting "the Director of the National Institute of Justice," after "Prevention," the last place it appears therein.

(2) Section 206(b) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(b)) is amended by striking out "Associate".

(3) Section 206(e) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5616(e)) is amended by striking out "Associate".

(g)(1) Section 223(a)(1) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(1)) is amended—

(A) by striking out "planning agency" and inserting in lieu thereof "criminal justice council"; and

(B) by striking out "section 203 of such title I" and inserting in lieu thereof "section 402(b)(1) of the Omnibus Crime Control and Safe Streets Act of 1968".

(2) Section 223(a)(2) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(2)) is amended by striking out "planning agency" and inserting in lieu thereof "criminal justice council."

(3) Section 223(a)(3)(A) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(3)(A)) is amended by striking out "a juvenile" and inserting in lieu thereof "juvenile".

(4) Section 223(a)(3)(F) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(3)(F)) is amended—

(A) in clause (i) thereof, by striking out "planning agency" and inserting in lieu thereof "criminal justice council";

(B) in clause (iii) thereof, by striking out "planning agency" and all that follows through "as amended" and inserting in lieu thereof "criminal justice council"; and

(C) in clause (iv) thereof—

(i) by striking out "planning agency and regional planning unit supervisory" and inserting in lieu thereof "criminal justice council and local criminal justice advisory"; and

(ii) by striking out "section 261(b) and section 502(b)" and inserting in lieu thereof "section 1002".

(5) Section 223(a)(11) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(11)) is amended by striking out "provides" and inserting in lieu thereof "provide".

(6) Section 233(a)(12)(B) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)(12)(B)) is amended by striking out "Associate".

(7) Section 223(a)(15) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in section 11(a)(15)(A), is amended by striking out "Associate".

(8) Section 223(a)(18)(A) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in section 11(a)(15)(A), is amended by striking out "or" the first place it appears therein and inserting in lieu thereof "of".

(9) Section 223(a)(21) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in section 11(a)(15)(A), is amended—

(A) by striking out "planning agency" and inserting in lieu thereof "criminal justice council";

(B) by striking out "then" and inserting in lieu thereof "than"; and

(C) by striking out "Associate".

(10) Section 223(a)(22) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in section 11(a)(15)(A), is amended by striking out "Associate".

(11) Section 223(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)), as amended in section 11(a)(15)(B), is further amended (in the sentence preceding the last sentence thereof) by striking out "303(a)" and inserting in lieu thereof "section 403".

(12) Section 223(b) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(b)) is amended by striking out "planning agency" and inserting in lieu thereof "criminal justice council".

(13) Section 223(d) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(d)) is amended by striking out "sections 509, 510, and 511" and inserting in lieu thereof "sections 803, 804, and 805".

(h) Section 224(a)(6) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5634(a)(6)) is amended by striking out "Commissioner" and inserting in lieu thereof "Secretary".

(i) Section 228(e) of the Juvenile Justice and Delinquency Prevention Act of 1974, as so redesignated in section 11(a), is amended by striking out "section 509" and inserting in lieu thereof "section 803".

(j)(1) Section 241(b) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5651(b)) is amended by striking out "Associate" each place it appears therein.

(2) Section 241(c) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42

U.S.C. 5651(c)) is amended by striking out "National Institute of Law Enforcement and Criminal Justice" and inserting in lieu thereof "National Institute of Justice".

(k) Section 244(3) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5654(3)) is amended by striking out "sections 249, 250, and 251" and inserting in lieu thereof "sections 248, 249, and 250".

(l) Section 245 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5655) is amended by striking out "Associate".

(m) Section 246 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5656) is amended by striking out "Associate" each place it appears therein.

(n) Section 248(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5658(a)) is amended by striking out "Associate" each place it appears therein.

(o) Section 249 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5660) is amended by striking out "Associate".

(p)(1) Section 250(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5661(a)) is amended by striking out "Associate" each place it appears therein.

(2) Section 250(b) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5661(b)) is amended by striking out "Associate" each place it appears therein.

(3) Section 250(c) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5661(c)) is amended by striking out "section 5703(b)" and inserting in lieu thereof "section 5703".

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "An act to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to extend the authorization of appropriations for such Act, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 6704) was laid on the table.

APPOINTMENT OF CONFEREES ON S. 2441

Mr. ANDREWS of North Carolina. Mr. Speaker, I ask unanimous consent that the House insist upon its amendments to the Senate bill (S. 2441) to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to extend the authorization of appropriations for such act, and for other purposes, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? The Chair hears none, and appoints the following conferees: Messrs. PERKINS, ANDREWS of North Carolina, CORRADA, KILDEE, STACK, WILLIAMS of Montana, ASHBROOK, COLEMAN, and GOODLING.

DIRECTING CLERK TO MAKE CORRECTIONS AND TECHNICAL AND CONFORMING CHANGES IN ENGROSSMENT OF HOUSE AMENDMENT TO S. 2441

Mr. ANDREWS of North Carolina. Mr. Speaker, I ask unanimous consent that the Clerk be directed, in the engrossment of the House amendment to the Senate bill (S. 2441), to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to extend the authorization of appropriations for such act, and for other purposes, to correct punctuation and spelling, to correct section numbers and references, and to make any other technical and conforming changes necessary to reflect actions of the House on the bill, H.R. 6704.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

GENERAL LEAVE

Mr. ANDREWS of North Carolina. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 6704, the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

AUTHORIZING THE SPEAKER TO DECLARE A RECESS TODAY

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the Speaker be authorized to declare a recess today subject to the call of the Chair, such recess to extend not beyond 2 p.m.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

INLAND NAVIGATIONAL RULES ACT OF 1980

Mr. BIAGGI. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 6671) to unify the rules for preventing collisions on the inland waters of the United States, and for other purposes, with Senate amendments thereto, concur in Senate amendments No. 1 through and including No. 69 and disagree with Senate amendment No. 70.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 14, strike out "or whistles".

Page 2, line 17, after "light" insert "shape,".

Page 5, line 12, strike out "shall".

Page 5, line 13, after "but" insert "are".

Page 5, line 13, strike "be".

Page 5, line 22, after "operations;" insert "and".

Page 6, line 17, strike out "River." and insert "River:".

Page 6, line 24, strike out "Lock." and insert "Lock;".

Page 7, line 8, strike out "Boundary." and insert "Boundary;".

Page 7, line 12, after "waters;" insert "and".

Page 7, line 15, strike out "States;" and insert "States.".

Page 9, line 12, after "radar;" insert "and".

Page 10, line 7, after "change;" insert "and".

Page 11, line 24, strike out "effect safe passage." and insert "permit safe passing.".

Page 13, line 24, after "leeward;" insert "and".

Page 17, line 13, after "fishing;" insert "and".

Page 17, line 16, after "maneuver," insert "and".

Page 17, line 16, after "maneuver;" insert "and".

Page 18, line 25, after "ken;" insert "and".

Page 21, strike out lines 12 and 19, inclusive, and insert:

(g) "Special flashing light" means a yellow light flashing at regular intervals at a frequency of 50 to 70 flashes per minute, placed as far forward and as nearly as practicable on the fore and aft centerline of the tow and showing an unbroken light over an arc of the horizon of not less than 180 degrees nor more than 225 degrees and so fixed as to show the light from right ahead to abeam and no more than 22.5 degrees abaft the beam on either side of the vessel.

Page 23, line 15, after "sidelights;" insert "and".

Page 23, line 16, strike out "sternlight;" and insert "sternlight.".

Page 24, line 17, after "sternlight;" insert "and".

Page 25, line 7, after "sidelights;" insert "and".

Page 25, line 15, after "sternlight;" insert "and".

Page 25, line 22, strike out "light." and insert "light; and".

Page 27, line 3, after "sidelights;" insert "and".

Page 27, line 17, after "sidelights:" insert "and".

Page 28, line 5, strike out "seven" and insert "7".

Page 29, line 13, after "so;" insert "and".

Page 30, line 2, after "gear;" insert "and".

Page 30, line 19, after "seen;" and insert "and".

Page 31, line 9, after "(b)(1);" insert "and".

Page 32, line 3, after "pass;" and insert "and".

Page 33, line 16, after "sternlight;" insert "and".

Page 34, line 6, after "hall;" insert "and".

Page 34, line 19, after "line;" insert "and".

Page 35, line 6, strike out "signals" and insert "lights and shapes".

Page 35, line 21, strike out "one" and insert "1".

Page 35, line 24, strike out "four" and insert "4".

Page 35, line 24, strike out "six" and insert "6".

Page 37, line 19, strike out "one" and insert "1".

Page 37, line 20, after "second;" insert "and".

Page 38, lines 1 and 2, strike out "another in a narrow channel or fairway:" and insert "another;".

Page 38, line 4, strike out "shall in compliance with Rule 9(e)" and insert "power-driven vessel shall".

Page 38, line 8, after "side";" insert "and".

Page 38, line 10, strike out "when acting in accordance with Rule 9(e)".

Page 39, line 11, strike out "need not" and insert "is not obliged to".

Page 39, line 12, strike out "Rule" and insert "Rule, but may do so.".

Page 39, line 21, strike out "two" and insert "2".

Page 40, line 1, strike out "two" and insert "2".

Page 40, line 2, strike out "two" and insert "2".

Page 40, line 9, strike out "two" and insert "2".

Page 40, line 13, strike out "two" and insert "2".

Page 40, line 22, strike out "one" and insert "1".

Page 40, line 22, strike out "five" and insert "5".

Page 41, line 1, strike out "five" and insert "5".

Page 41, line 15, strike out "two" and insert "2".

Page 43, line 13, strike out "four" and insert "4".

Page 43, line 18, strike out "four" and insert "4".

Page 43, line 23, after "exempt;" insert "and".

Page 44, line 4, strike out "nine" and insert "9".

Page 44, strike out lines 6 to 24, inclusive, and insert:

(v) the restructuring or repositioning of all lights to meet the prescriptions of Annex I to these Rules, until 9 years after the effective date of these Rules;

(vi) Power-driven vessels of 12 meters or more but less than 20 meters in length are permanently exempt from the provisions of Rule 23(a)(i) and 23(a)(iv) provided that, in place of these lights, the vessel exhibits a white light aft visible all round the horizon; and

(vii) the requirements for sound signal appliances prescribed in Annex III to these Rules, until 9 years after the effective date of these Rules.

Page 46, line 24, strike out "twenty-one" and insert "21".

Page 48, line 15, strike out "five" and insert "5".

Page 49, line 10, strike out "twelve" and insert "12".

Page 50, in the top table on the page, insert "1945:" before "Dec. 3".

Page 51, in the table, strike out the following:

"1928: May 17-----	600-----	45	592"

and insert:

1928:			
May 17----------	600-----	45	592
May 17----------	601-----	45	593

Page 51, below the table, insert:

SEC. 9. Section 2(c) of the Act of February 19, 1895 (28 Stat. 672), as amended (33 U.S.C. 151), is amended by striking the words "the Canal Zone,".

Page 51, below the table, insert:

SEC. 10. Section 2(3) of the Act of March 4, 1927 (44 Stat. 1424) is amended as follows:

"(3) The term 'employee' means any person engaged in maritime employment, including any longshoreman or other person engaged in longshoring operations, and any harborworker including a ship repairman, shipbuilder, and ship-breaker, but such term does not include (A) any ship repairman, shipbuilder, or ship-breaker engaged in construction, repair, or dismantling of any barge or other vessel which is not self-propelled, or any small vessel under sixteen hundred tons gross, while upon any pier, wharf, building way, marine railway, graving dock, shop, or any other facility or area over land customarily used in ship repairing, shipbuilding, or ship-breaking if such ship repairman, shipbuilder, or ship-breaker is subject to coverage under a state workers' compensation law, (B) a master or member of a crew of any vessel, or (C) any person engaged by the master to load or unload or repair any small vessel under eighteen tons net.".

Mr. BIAGGI (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendments be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BIAGGI. Mr. Speaker, H.R. 6671 is a bill that will unify the rules to prevent collisions of vessels on our inland waters. It replaces three existing sets of statutory rules that are now applicable to various parts of those waters. In addition to unifying the nautical rules of the road, the bill will conform them as closely as possible to the international rules which were adopted in the 95th Congress. The result will be a general simplification and unification of the nautical rules of the road.

H.R. 6671 is a noncontroversial bill. It was passed by the House on June 23, 1980—and by the Senate, with amendments, on September 30, 1980. Almost all of the Senate amendments are technical, conforming, and clarifying in nature.

We have no objection to these Senate amendments and believe they will improve the bill.

The final amendment made by the Senate, however, is not related to the rules for preventing collisions between vessels. Nor was it a subject of consultation between our respective cognizant committees as the other Senate amendments were. This amendment, No. 70, amends the Longshoreman's and Harbor Worker's Compensation Act by redefining the term "employee" in that statute. I understand that the effect of the amendment would be to remove some 30,000 shipyard workers from the coverage of the Longshoreman's and Harbor Worker's Compensation Act. They would instead be covered under State workman's compensation laws. This amendment was not recommended by the Senate Commerce Committee, which has jurisdiction over H.R. 6671.

Senate amendment No. 70 refers to a subject that is not within the jurisdiction of the Coast Guard Subcommittee nor the full Merchant Marine and Fisheries Committee. We have not held hearings on it and have received only minimal information concerning it. I am, therefore, not in a position to discuss it in detail.

While I am not familiar with all the ramifications of Senate amendment No. 70, I do know that it is a substantive amendment that will affect the rights and benefits of a considerable number of shipyard workers and their families. I am also aware that the maritime labor unions are united in their opposition to this amendment. It is their position that the whole Longshoreman's and Harbor Worker's Compensation Act should be looked at—rather than singling out one aspect alone for amendment. They—and I—believe that an amendment as important as this should not be adopted without hearings at which all parties have an opportunity to present their views.

The position taken by organized labor on this amendment seems to me to be reasonable. It is my understanding that the Committee on Education and Labor—which has jurisdiction over this subject—plans hearings during the next Congress on the Longshoreman's and Harbor Worker's Compensation Act and will address this problem during those hearings. In my opinion, the proper course of action for us is to reject this amendment at this time—with the hope that the Senate will agree to recede from the amendment and allow this important bill to become law.

● Mr. YOUNG of Alaska. Mr. Speaker, today we consider H.R. 6671, the Inland Navigational Rules Act of 1980, which would unify the rules for preventing collision on the inland waters of the United States. The bill will repeal the three existing sets of inland navigational rules and replace them with a unified set of rules that would govern the conduct of vessels in the inland waters of the United States and that would conform as closely as possible with the international rules of the road. I must note, however, that throughout my home State of Alaska, the international rules will apply because no navigational demarcation line exists separating inland from international waters.

We in the House passed this bill earlier this year and the Senate passed H.R. 6671 with several amendments. The majority of these amendments are intended to technically improve and perfect the bill. In addition, an amendment has been added which would remove small shoreside shipyard facilities from the scope of the Longshoremen's and Harbor Workers' Compensation Act. This amendment is designed to address the high cost of worker compensation insurance and originated as part of a general effort to revise the Longshoremen's and Harbor Workers' Compensation Act through other legislation introduced in this Congress. I understand that although this amendment may be deleted from H.R. 6671 without consideration of its merits, this and other problem areas associated with the Longshoremen's and Harbor Workers' Compensation Act will be addressed in the next Congress in a comprehensive manner.

Therefore, I urge adoption of H.R. 6671 as we consider it today. This unification of the inland rules into one uniform system will work to reduce the potential confusion among the rules, reduce the danger of collision and resulting environmental damage in our increasingly congested waterways and serve to greatly facilitate the commerce of this Nation.●

● Mrs. BOGGS. Mr. Speaker, I plan to vote with the distinguished chairman of the Coast Guard Subcommittee in favor of H.R. 6671—without the Senate amendment that modified the Longshore Act. I do this for two reasons: First, this is a nongermane "rider" which was added by the Senate and, second, no substantive hearings have been held in either body on this proposal.

I do, however, feel there is merit to the problem the Danforth amendment attempts to address. I have heard from numerous constituents in the shipping, shipbuilding, and admiralty law communities who tell me that the 1972 amendments to the Longshore Act are confusing and have caused some shipyards and offshore service industries to be virtually uninsurable. The purpose of the Longshore Act is commendable. We must have a systematic approach to fairly, reasonably and swiftly provide benefits for workers in maritime related field who are injured in the course and scope of their employment. But in the 1972

amendments Congress extended coverage of the Longshore Act from the water's edge to areas adjoining the navigable waters of the United States.

The result of this expansion has been considerable confusion. Not only are shipyard workers who never set foot aboard a vessel now covered by the act but so are employees of oil refineries, chemical plants, paper and steel mills and many other heavy industries that operate along navigable waters. Quite arguably the workers in these industries should be covered by State worker-compensation laws as they were prior to the 1972 amendments.

As it stands now, the Longshore Act is unworkable as an insurance program. Because of its open-ended annual escalation of benefits, benefits are unpredictable and, from an insurance standpoint, uninsurable. The act has been converted from a wage replacement program into a life insurance program by extension of death benefits in certain cases to dependents even when the death of the employee is unrelated to the industrial accident. Finally, the bureaucratic administration of the act by the Office of Workers' Compensation Programs and Benefits Review Board has been alleged to be "biased" and "nonuniform."

It is interesting to note that the District of Columbia, whose worker compensation programs fall within the parameters of the Longshore Act, desperately want out and the D.C. Council has passed legislation to establish its own worker compensation program.

Mr. Speaker, I would like to urge that the Education and Labor Committee make review and modification of the Longshoremen's and Harborworkers' Compensation Act one of its top priorities in the 97th Congress. Too many people have complained about the act and I have heard too many disturbing stories about its application and administration to think that it is without fault. I also believe that it is imperative that those labor unions and other associations that represent the men and women covered by the act come forward to participate in the hearings and provide viable solutions to very real problems. Although there have been oversight hearings in the past, now is the time for major review. We must act now in order to save a well-intentioned program from self-destruction.

I urge passage of H.R. 6671 without the longshore amendment, but I also urge studied consideration of revisions of the act early next year.●

The SPEAKER. Is there objection to the initial request of the gentleman from New York?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BIAGGI. Mr. Speaker, I ask unanimous consent that all Members who wish to do so may have 5 legislative days within which to extend their remarks on H.R. 6671, the legislation just considered.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

RECESS

The SPEAKER. Pursuant to the authority granted to the Speaker earlier today, the House will be in recess until the hour of 2 p.m. The bells will be rung 15 minutes before the time we will come into order.

Accordingly (at 12 o'clock and 15 minutes p.m.) the House stood in recess until 2 p.m.

□ 1400
AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. ROSTENKOWSKI) at 2 p.m.

PROVIDING FOR CONSIDERATION OF H.R. 7548, FARM CREDIT ACT AMENDMENTS OF 1980

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 792 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 792

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7548) to amend the Farm Credit Act of 1971 to permit Farm Credit System institutions to improve their services to borrowers, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Agriculture now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, said substitute shall be considered for amendment by titles instead of by sections and each title shall be considered as having been read. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. After the passage of H.R. 7548, the Committee on Agriculture shall be discharged from further consideration of the bill (S. 1465), and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and to insert in lieu thereof the provisions contained in H.R. 7548 as passed by the House.

The SPEAKER pro tempore. The gentleman from South Carolina (Mr. DERRICK) is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, I yield the usual 30 minutes to the gentleman from Maryland (Mr. BAUMAN) for purposes of debate. Pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 792 is the rule providing for the consideration of the bill, H.R. 7548, the Farm Credit Act Amendments of 1980. It is a completely open rule and there are no waiver of points of order. The rule provides for 2 hours of debate and also makes in order the committee amendment in the nature of a substitute, that was reported by the Committee on Agriculture, as an original text for the purpose of amendment. After passage of H.R. 7548, the Committee on Agriculture shall be discharged from further consideration of S. 1465, the Senate companion bill, and it shall be in order to insert the House-passed language of the Farm Credit Act.

Mr. Speaker, we are all aware of the credit crunch which the Nation's farmers are experiencing. This bill is designed to expand the authority of the farm credit system institutions to provide more flexible services and financing arrangements and to enhance the credit opportunities of the agricultural and aquatic borrowers.

The bill liberalizes the mortgage credit authority to provide special assistance to young and low equity farmers, permits rural co-ops to remain eligible for system financing and extends credit for processing and marketing activities by farmers and fishermen.

Mr. Speaker, this legislation also authorizes banks for cooperatives to finance transactions for the exportation or importation of agricultural and aquatic products by U.S. cooperatives with other financial-type services to enable them to participate effectively in international markets for agricultural and aquatic products. There is some controversy over the scope of and need for this authority. I am sure this issue will be thoroughly debated when the bill is considered under this open rule and the House will have an opportunity to work its will on this piece of legislation.

Mr. Speaker, H.R. 7548 is the product of over 1 year's work by the Committee on Agriculture and was unanimously reported by that committee. I urge my colleagues to support House Resolution 792 so that the House may proceed to consideration of this legislation which is of crucial importance to the Nation's agricultural economy.

Mr. BAUMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from South Carolina has done an excellent job of describing the rule we have before us.

House Resolution 792 makes in order for consideration by the House the bill H.R. 7548, the Farm Credit Act Amendments of 1980. H.R. 7548 which was reported unanimously by the Committee on Agriculture, amends the Farm Credit Act of 1971, the statute under which the Farm Credit System and the Farm Credit Administration operate. The pur-

pose of the amendments made by H.R. 7548 is to provide the institutions of the system with additional or revised authorities to enable them better to serve the credit and related financial needs of farmers, ranchers, and commercial fishermen.

Mr. Speaker, the passage of this bill is essential for the American farmer in order to enable him to obtain short-term loans to help him make it through this difficult period of recession and runaway inflation. The debt-to-income ratio of the American farmer is the highest it has been since the Great Depression and their liquidity ratio is lower than it has ever been before. While this indicates the need for more short-term borrowing, most commercial banks are already overextended on farm loans. Since 1970 farm credit extensions have increased more than 400 percent while other private sector borrowing has only gone up 150 percent. Most farmers in this country must depend upon credit and without it they will be forced out of business.

I am particularly pleased to support this piece of legislation because it will not result in any additional costs to the taxpayer, which, for this Congress, is a very rare bird indeed. The capital needed to establish the institutions of the Farm Credit System was provided largely by the Federal Government but the institutions of the System repaid the last of this Government seed money in 1968. The System is now capitalized exclusively by its farmer-members.

Due to the complicated nature of the bill I will have to leave a full discussion of its provisions to the members of the Agriculture Committee. But I would like to note several provisions, one of which is the clarification of the authority of the Farm Credit System institutions to provide financial services to commercial fishermen. I am happy to see that the Agriculture Committee has given the American fisherman the recognition he deserves as an integral part in the production of the Nation's food needs.

I would also like my colleagues to note that the regulations which will be promulgated by the Farm Credit Administration, implementing the provisions of the bill relating to the access of other financial institutions to the Federal intermediate credit bank discount program, will be subject to a two House legislative veto. Such legislative oversight exercised by means of the legislative veto will hopefully insure that the discount privilege will be reasonably and uniformly extended to those financial institutions that are making agricultural loans and do not have reasonable access to other sources of funds sufficient to provide adequate credit to serve agricultural and aquatic borrower's needs.

Mr. Speaker, I urge the adoption of the rule and passage of H.R. 7548, the Farm Credit Act Amendments of 1980.

Mr. Speaker, I yield back the balance of my time.

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

THE MILNER DAM

Mr. DINGELL. Mr. Speaker, I call up the Senate bill (S. 1828) to exempt the Milner Dam from certain requirements of the Federal Power Act (16 U.S.C. 807), and for other purposes, and ask unanimous consent for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

Mr. ASHBROOK. Mr. Speaker, reserving the right to object, I reserve the right to object to allow my colleague, the gentleman from Michigan, to explain what is happening here.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. ASHBROOK. I yield to my colleague.

Mr. DINGELL. Mr. Speaker, this bill concerns the existing Milner Dam project on the Snake River in Idaho. Owners of that project contemplate additions and modifications to these facilities to generate electricity to be sold to the Idaho Power Co. Such a project required a license issued pursuant to the Federal Power Act by the Federal Energy Regulatory Commission. This would bring into effect section 14 of part 1 of the Federal Power Act, which permits the Federal Government to take over such facilities upon the expiration of the license. The application of this particular section to the existing facilities is of sufficient concern to the project's owners that they are prepared to forsake this promising opportunity to develop this hydroelectric project unless a limited exemption is provided.

S. 1828, as amended by our committee, provides the project sponsors with a limited exemption for the existing facilities from the "takeover" provisions of section 14. The entire project would otherwise be subject to the Federal Power Act and any modifications or additions would be subject to section 14. Further, enactment of this bill does not insure that a license will be granted, an application must be made, and it must be considered in the normal fashion.

Because this bill applies only to existing facilities which are not now subject to recapture, no inroads are made on the recapture provision and no precedents are established.

Although the reservoir supports only minor fish and wildlife use, the Fish and Wildlife Service recommended that the broader Senate-passed bill include provisions for additional studies using the latest instream flow methodology to determine downstream flow needs. Since the committee version is quite limited, the committee did not include such a requirement in the bill. The Fish and Wildlife Coordination Act, the Natural Environmental Policy Act of 1969, and other environmental laws are not affected by this bill. Thus, we expect the FERC to explore the need for requiring such a study as part of the licensing process which includes compliance with the Fish and Wildlife Coordination Act.

This bill is a small but useful step in the achievement of our national energy objectives of expanding the development of renewable generating resources.

I urge a vote to suspend the rules and a vote for final passage.

U.S. DEPARTMENT OF THE INTERIOR,
FISH AND WILDLIFE SERVICE,
Washington, D.C., October 14, 1980.

Hon. JOHN D. DINGELL,
Chairman, Subcommittee on Energy and Power, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: At the August 25, 1980, Subcommittee Hearing on Senate Bill 1828, a bill to exempt the Milner Dam Project from certain provisions of the Federal Power Act, you requested that I provide you some additional information. Those specific items about which you requested information are discussed below. Please bear in mind that the Fish and Wildlife Service has not conducted field studies of the proposed Milner Dam Project.

Based on data from studies in 1975 and 1979 by the Idaho Department of Fish and Game (IDFG), we believe that the downstream flow of 58 cubic feet per second (cfs) recently recommended by IDFG would allow only a minimum level of winter fish survival. That flow would produce a velocity of about one foot per second, which is barely enough to prevent freezing of the river. The 1975 IDFG study indicated that flows needed to maintain the resources at approximately existing levels of quality between Milner Dam and Buhl, Idaho (33 river miles), are (in cfs):

January, 1,000; April, 3,600; July, 2,000; October, 1,000; February, 1,000; May, 3,600; August, 2,000; November, 1,000; March, 3,600; June, 2,000; September, 2,000; December, 1,000.

While these figures are the best available, we recommend that any legislation on this project include provisions for additional studies using the latest instream flow methodology to determine downstream flow needs. Such studies would cost approximately $20,000.

Except for the downstream flow needs, we know of no wildlife or other environmental resources that would be significantly impacted by the project. We do not expect that any particular problems would result from reservoir fluctuation. The reservoir supports only minor fish and wildlife use.

If I can be of further assistance in your consideration of this legislation, please let me know.

Sincerely yours,

_____,
Director.

Mr. ASHBROOK. Mr. Speaker, I thank my colleague for this explanation. Even with the consideration of the person whose district it is in, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

Mr. MOORHEAD of California. Mr. Speaker, I reserve the right to object.

Mr. MOORHEAD of California. Mr. Speaker, I rise in strong support of S. 1828, the Milner Dam Project Act.

Today, the Congress has the unusual good fortune to make possible the production of an estimated 162 million kilowatt-hours of electricity each year by the passage of this legislation. This electricity will be produced from the installation of hydroelectric facilities at the Milner Dam on the Snake River near Twin Falls, Idaho.

The Milner Dam, built in 1904 to provide irrigation storage and diversion capability for agricultural use, is owned and operated by the Twin Falls and North Side Canal Cos. These companies have agreed to install hydroelectric production facilities on the project and to sell the electricity to the Idaho Power Co. which services electric consumers in Idaho, Nevada, and Oregon. But this necessary electrical production will never come to pass unless this Congress acts to exempt the existing dam, its reservoir and associated irrigation facilities from the so-called takeover provisions of section 14 of the Federal Power Act. Let me explain.

An application for a preliminary permit to develop the proposed hydroelectric facilities at the Milner Dam was filed with the Federal Energy Regulatory Commission by the canal companies. The FERC rejected the application on the basis that the application did not include as subjects of licensing procedures and conditions the existing dam and its irrigation canals. The canal companies had good reason not to include these facilities as part of the hydroelectric project—if they did so, their irrigation facilities would be subject to Federal takeover under section 14 of the Federal Power Act. Section 14 of the Federal Power Act authorizes the Federal Government to purchase licensed water projects for their net value upon the expiration of the original hydroelectric leases. The canal companies—representing the farmers and ranchers in the area—testified at hearings on the Energy and Power Subcommittee on which I serve that they would cancel the hydroelectric project if it meant risking their ownership and agricultural use of the dam.

Mr. Speaker, if we exempt the existing facilities of the Milner Dam, we create the very real opportunity for an additional 162 million kilowatt-hours of electricity on an annual basis. If we do not pass S. 1828, the farmers and ranchers will withdraw. The electricity will never be produced.

I would hope that in the near future the Congress will adopt generic legislation to allow projects of this type to proceed without unnecessary regulation by the FERC. Small and medum sized hydroelectric sites are abundant in this country. Existing dams can be retrofitted to produce clean, renewable electricity with benefit to all. Conduit hydroelectric facilities provide great opportunities as well.

Until such generic legislation becomes law, however, we will need to enact one-at-a-time bills such as S. 1828.

Mr. Speaker, this is a well-crafted bill which enjoys broad bipartisan support. I urge all my colleagues to pass S. 1828 without reservation.

Mr. Speaker, I withdraw my reservation of objection.

● Mr. SYMMS. Mr. Speaker, I rise to support the efforts of the gentleman from Michigan and the gentleman from Ohio to consider and pass S. 1828, to exempt the facilities of the proposed Milner Dam project in Idaho from part I, section 14 of the Federal Power Act. This section, known as the "takeover" clause, provides for Federal recapture of licensed projects upon the expiration of its 50-year license. It is this takeover clause that concerns the proponents of the powerplant's construction. Understandably, they do not want to see the project that they have financed and operated turned over to the hands of the Federal Government 50 years down the road. More importantly, these proponents, the owners of the Twin Falls and Northside Canal Cos., fear that if this takeover occurred that there could feasibly be a redirection of priorities from irrigation to power generation, which is contrary to their reasons for building the dam in the first place. Stated frankly, the proponents of this badly needed power project will not proceed with their proposal to construct the necessary facilities if this bill is not passed to exempt the project from the "takeover" clause.

This bill sets the stage for the construction of those facilities, which will generate 50.25 megawatts of power. It does not amend the Federal Power Act, or set any precedence for similar action in the future. Finally, it does not cost the taxpayers anything, and will keep the authorities of both FERC and the FPA intact.

Mr. Speaker, I urge the passage of this legislation.●

● Mr. HANSEN. Mr. Speaker, I commend this committee for assuring the timely consideration by the House of S. 1828 and my bill, H.R. 5417, "to exempt the Milner Dam from certain requirements of the Federal Power Act."

This legislation is important, not so much because of the size of the project or the amount of electricity it will produce, but because it exemplifies what has built America—private initiative which mutually benefits the public and private sectors but requires no expenditure of tax moneys.

The Milner Dam with accompanying workings and canals is privately owned by the Twin Falls and North Side Canal Cos. These private entities are simply asking that they be allowed to construct power generating facilities without risking the federalization of the entire project under such provisions of law as the Federal Energy Regulatory Commission (FERC) 50-year recapture regulations.

Mr. Speaker, the project is not only feasible, but it should encourage many others across the Nation. The Water and Power Resources Service recently produced a study assessing small hydroelectric development which indicated that numerous small dams nationwide similarly retrofitted could make a major impact toward filling our increasing electric energy demands at minimum cost to the Federal Government.

The bottom line is that the private water users in the Milner service area want to develop the power potential without risking inclusion of the dam and canals under Federal control. The reason for this is that the powerplant will be physically separated from the existing dam and reservoir by approximately 1.3 miles and will not, in real terms, be a part of the old project. Hopefully we will not stifle such initiative.

In conclusion, Mr. Speaker, the current project is privately owned and I believe it is unreasonable that in order to provide a service to our energy-short Nation that it be placed in jeopardy. The measure before you would prevent that from happening and require no tax moneys to be appropriated.

The project will give a big boost to encouraging private initiative beneficial to the Nation's energy self-sufficiency, even if only 60,000 kilowatts at a time. The actions of this House are vital to the future of this concept. I urge prompt passage of this legislation.●

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan (Mr. DINGELL)?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1828

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Notwithstanding any other provision of law, the proposed Milner Dam project, Federal Energy Regulatory Commission Numbered 2899—Idaho Twin Falls Canal Company and North Side Canal Company, shall be deemed to consist only of water regulation and conveyance facilities and powerplants to be hereafter constructed and located outside of existing irrigation facilities, together with power transmission facilities, and related appurtenant works not now in existence and necessarily hereafter constructed for the generation and distribution of hydroelectric power, and only such hereafter constructed facilities shall be subject to the provisions of section 14 of the Federal Power Act (16 U.S.C. 807).

COMMITTEE AMENDMENT

The SPEAKER pro tempore. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Strike all after the enacting clause and insert:

That the provisions of section 14 of the Federal Power Act (16 U.S.C. 807), other than the first sentence of section 14(b) (relating to relicensing), shall not apply to any project works of the Milner Dam project, located on the Snake River near Milner, Idaho, that are in existence on the date of the enactment of this Act, including the Milner Dam, reservoir, and associated irrigation facilities. The exemption provided by the preceding sentence shall not apply to any project works which are not in existence on the date of the enactment of this Act.

SEC. 2. Except as provided in the first section of this Act, the provisions of this Act shall not be construed as repealing, amending, or otherwise affecting any of the provisions of the Federal Power Act.

Mr. DINGELL (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the committee amendment be dispensed with and that it be printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

□ 1410

The committee amendment was agreed to.

Mr. DINGELL. Mr. Speaker, I urge my colleagues to pass the legislation.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "An act to exempt the existing facilities of the Milner Dam from section 14 of the Federal Power Act, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 5417) was laid on the table.

FARM CREDIT ACT AMENDMENTS OF 1980

Mr. JONES of Tennessee. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7548) to amend the Farm Credit Act of 1971 to permit farm credit system institutions to improve their services to borrowers, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Tennessee (Mr. JONES).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 7548, with Mr. HUGHES in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Tennessee (Mr. JONES) will be recognized for 1 hour, and the gentleman from Illinois (Mr. MADIGAN) will be recognized for 1 hour.

The Chair recognizes the gentleman from Tennessee (Mr. JONES).

Mr. JONES of Tennessee. Mr. Chairman, I yield myself such time as I may consume for the purpose of explaining the bill.

Mr. Chairman, the farm credit system has been providing credit and related services to American farmers and their cooperatives for more than 60 years. The system is an excellent example of the people, and their Government working together for the common good. Begun in 1916 with $9 million initial investment by the Federal Government, the farm credit system paid back the Government investment with interest in 1968 and became completely farmer owned and operated. It now provides more than $64 billion to farmers, ranchers, fishermen and agricultural cooperatives.

Nearly 10 years ago, Congress completely rewrote the laws governing the farm credit system, significantly broadening the lending and fund raising authorities to meet the changing credit needs of American agriculture. Today we are considering legislation designed to ensure that the system continues to meet the ever-growing credit needs of farmers, ranchers, fisherman, and cooperatives. I refer to H.R. 7548, the Farm Credit Act Amendments of 1980.

The farm credit system has a record of not coming before Congress frivolously. In 1971, that landmark legislation was precipitated by extensive study and careful deliberation. In a similar manner, the legislation we consider today began to evolve about 4 years ago. Through the farm credit system's various organizations and boards of directors, suggestions for needed legislative changes were made. The Farm Credit Act Amendments of 1980 came to us from the system with the full backing of the Federal Farm Credit Board, each of the 12 farm credit districts and by the Central Bank for Cooperatives.

A great deal of time and effort has gone into this legislation. Comprehensive hearings on the Farm Credit Act amendments bill were held by my Subcommittee on Conservation and Credit—6 days in towns throughout the country, and 2 days in Washington, D.C. The subcommittee heard from farmers, spokesmen for the farm credit system, and representatives from many interested groups in considering the bill. During the hearing it became increasingly obvious that there is widespread support for this proposed legislation in American agriculture. The U.S. Department of Agriculture endorses the BC export and other key provisions of the bill. The American Farm Bureau, National Grange, National Farmers Union, and the National Council of Farmer Cooperatives, as well as a number of commodity groups and cooperatives strongly support H.R. 7548, as do the Independent Bankers Association of America, the Western Independent Bankers Association, and the Independent Insurance Agents of America.

The bill consists of several major provisions. One provision would expand U.S. agricultural exports and provide farmers and ranchers a higher return on their export sales by authorizing the banks for cooperatives to provide export credit and related services to the cooperatives they serve.

The importance of this provision to farmers and the Nation as a whole is obvious. Everyone present today is aware of this country's deficit balance-of-trade position caused by our imports of foreign crude oil and manufactured products. The ability of our farmers, ranchers and fishermen to produce an abundance of food and fiber—an abundance that feeds not only our own people but many of the people of the world—is the one bright spot in an otherwise bleak balance-of-trade picture. As a result, the importance of our exports of farm commodities becomes more and more evident each year.

Now, with the growth in our country's exporting of agricultural commodities, farmers are returning to their cooperatives to market agricultural commodities overseas with the hope of earning the best price for their products. In this way, farmers hope to increase the world market share for their products as well as their share of returns from the export market. But the farmers cooperatives, have not been able to turn to their primary source for financing—the Banks for Cooperatives—for assistance in export trade. The Banks for Cooperatives are limited under present law to providing financing services only for domestic needs of their borrowers. Cooperatives desiring to export commodities directly overseas must work with other lenders who are not familiar or involved with cooperative operations and financial structures.

The bottom line of all this is that farmers must be allowed to realize a greater return for their labor to keep them in business. One way this can be achieved is through direct export marketing through their cooperatives. H.R. 7548 would encourage this by allowing cooperatives to work with their primary lender—the Banks for Cooperatives.

Another provision of the bill would authorize production credit associations and Federal land bank associations to extend credit to farmers, ranchers, or aquatic producers eligible to borrow from these institutions, for the processing and marketing of their products. To qualify for this kind of financing, the applicant would have to provide at least 20 percent of the amount to be processed or marketed, unless a higher percentage is set by the farm credit district board. Giving the farm credit district the authority to set the percentage of throughput above 20 percent would allow the districts to adapt the service to the needs of their particular region. At present time, this type of loan can be extended as long as the applicant provides more than 50 percent of the throughput.

Extension of the farming operation into the areas of processing and marketing is one way that farmers can realize a higher return from their farming operation. This provision of the bill would enable eligible borrowers to finance the extension of their farm unit through their local production credit association or Federal land bank association. It would also provide them with the opportunity of obtaining the maximum benefit from their investment in processing and marketing facilities by allowing them to extend the service to others in the farm community.

Several provisions of H.R. 7548 are designed to facilitate increased cooperation between farm credit system institutions and commercial lenders in making loans to agricultural producers. Increased cooperation between agricultural lenders is important now and will be of even greater importance in the years ahead. It is expected that total farm debt outstanding will reach $225 billion in 1985. No one source of credit can or should handle the entire $225 billion. Meeting this huge demand will require the best efforts of all those who finance agriculture.

Perhaps the most important provision

of H.R. 7548 designed to facilitate greater farm credit system/commercial bank cooperation concerns the authority of the Federal intermediate credit banks to discount the loans of OFI's—that is, financial institutions other than production credit associations. The bill would, for the first time, establish a specific statutory definition of the rules under which the FICB's now provide rural banks with access to the discount facility. Second, the bill would enable OFI's to discount with the FICB's the same types of loans, for the same types of purposes, that production credit associations are now authorized to make. These measures are designed to provide a reliable and continuing source of loan funds to agricultural lenders who would otherwise be unable to serve their farm customers. The Farm Credit Administration estimates that the OFI share of the amount discounted by FICB's would increase from approximately 3 percent at present to nearly 30 percent.

The bill would also streamline the PCA/commercial bank participation program as well as authorize the Federal land banks to participate in loans of commercial banks. The PCA/commercial bank participation program has been successful to the extent to which it has been used. However, many commercial lenders are discouraged from making full use of the program because borrowers are now required to buy stock in the PCA. H.R. 7548 would eliminate this requirement by allowing the commercial banks to buy participations in the PCA's. This will make the program simpler and more attractive for both commercial banks and their farm loan customers.

H.R. 7548 would also allow farm credit districts to extend the term of loans for production credit associations (PCA's) and other financing institutions (OFI's) up to 10 years. This provision is of great importance to many farmers and ranchers who are finding it increasingly difficult to finance needed capital items other than land within a 7-year period. As is well known, machinery, fertilizer, seed, the cost of heavy equipment, and of virtually every input in farming is rising at a rapid rate. For example, it is estimated that the cost of equipment needed to produce a crop of soybeans large enough to support a family farm in my home State of Tennessee is well in excess of $150,000. Often, it is exceedingly difficult to repay loans approaching this size in 7 years. And, of course, this problem can only get worse in the future unless there is a dramatic and unexpected decrease in the rate of inflation.

Since there is no sound business reason to insist upon a 7-year loan maturity, especially when the useful life of the item being financed exceeds 7 years, it seems clear that district boards should be allowed to extend the term of PCA loans to 10 years.

Two provisions of the bill are directed at the problems young and beginning farmers are finding in getting started in agriculture. The fundamental problems facing these farmers is the high cost of real estate, machinery, equipment, fertilizer, and other materials needed to enter or remain in farming. In passing the Agricultural Credit Act of 1978, Congress recognized that beginning farmers were experiencing difficulty in entering agriculture and provided some relief. Emphasis was shifted, under the Agricultural Credit Act, from direct loans by the Farmers Home Administration, to loan guarantees. Prior to this new direction, Federal land banks and the Farmers Home Administration provided joint loans to young, low-equity farmers. In order that Federal land banks can continue to work with the Farmers Home Administration in serving farmers otherwise unable to borrow from them, H.R. 7548 would authorize the land banks to lend up to 97 percent of the appraised value of the security when a loan guarantee is provided by a Federal agency such as the Farmers Home Administration.

The bill would also require all farm credit associations to prepare coordinated programs for serving the special needs of young and beginning farmers through sound and constructive credit services. Each program would be subject to approval by the supervising bank and the association would be required to submit to the bank annual reports on the status of their young farmer programs. The Farm Credit Administration would also be required to report on the progress of the young farmer programs on an annual basis to Congress. While these provisions will not remedy all of the problems which young, small and beginning farmers are experiencing, they, I believe, will go a long way toward providing assistance to these farmers and insuring that their needs are adequately served by the farm credit system.

A way of summarizing the provisions of H.R. 7548, which I have touched on, as well as the other provisions of this legislation, is that they would, at no cost to the U.S. taxpayer, help farmers, ranchers and fishermen to help themselves. The bill is constructive and needed legislation which should be enacted in the present Congress.

□ 1420

Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. DE LA GARZA).

Mr. DE LA GARZA. Mr. Chairman, I would like to add my voice in support of H.R. 7548, the proposed Farm Credit Act Amendments of 1980. This legislation would, I believe, provide farmers, ranchers, and fishermen with improved credit and related services from the cooperative farm credit system.

The benefits of this legislation to the agricultural sector of our economy would be far ranging. The provision, which authorizes the banks for cooperatives to engage in export financing, will not only benefit the food and fiber producers of this country, it will also have a beneficial effect upon the U.S. balance of trade. The cooperative eligibility provision will aid in the development of rural communities. Two other provisions will provide assistance to young people who want to enter farming. It is important to note that these and other provisions of the legislation will not cost the U.S. taxpayers a single cent. The banks and associations of the farm credit system are organized as cooperatives, and are completely owned by their member-borrowers.

The legislation also addresses the credit needs of the U.S. fishing industry which has recently experienced a revitalization. The U.S. fishing industry has lost considerable ground from 1960, when it ranked second in the world, to the mid-1970's, when it slipped to sixth place behind those of Japan, the U.S.S.R., the People's Republic of China, Peru, and Norway. This Nation has imported and continues to import large quantities of aquatic products. For example, in 1979 the United States imported fish products worth more than $3.8 billion.

However, since the expansion of U.S. territorial waters in 1976, the American fishing industry has begun to regain its place as a world leader. Commercial landings of fish in 1979 were up 45 percent in value and 21 percent in quantity compared with 1977. The U.S. share of the catch in our own waters increased from 27 percent in 1978 to 33 percent in 1979. The foreign catch of fish within the U.S. 200-mile zone was down 29 percent in 1979 from what it had been on average during the previous 5 years. U.S. exports of edible fishery products in 1979 were up 116 percent in value and 67 percent in quantity, compared with 1977. The United States now ranks fourth in total commercial fish landings.

While these are encouraging trends, a great deal of progress in the development of the U.S. fishing industry is needed. This country still imports considerably more fishery products than it exports. Last year, the U.S. balance-of-trade deficit in fishery products reached $1.7 billion. Since about one-fifth of the world's fish are found in the U.S. coastal waters, it would seem absurd to deny that this country can and should be self-sufficient in fish products. Full development of this industry will not only ease the international trade deficit, but will create an estimated 43,000 jobs for U.S. workers.

Credit availability is one of the key factors which is needed to facilitate further development of the U.S. fishing industry. This point was made in the 1976 U.S. General Accounting Office (GAO) report, "The U.S. Fishing Industry—Present Conditions and Future Marine Fisheries." The GAO estimated that it would take a $400 million investment in vessels and $800 million for processing plant expansion to bring U.S. fishermen a 50-percent share of the U.S. market by 1985. Some of this credit has already been provided by the farm credit system, which was first authorized to make loans to "farmers of the sea" in 1971. The authorization provided was limited to 7-year term production credit association loans. Following enactment of the Farm Credit Act of 1971, several PCA's in coastal areas developed expertise in the aquatic industry as they became involved in loans to local fishermen. On July 21, 1978, approximately 1,700 PCA aquatic loans were outstanding for more than $85 million.

In 1978, Congress provided further

latitude to PCA's to meet the credit needs of fishermen by extending the term of aquatic loans from 7 to 15 years. This comparatively minor modification in law has had a significant impact on the availability of credit to fishermen. By August 31 of this year, PCA's had loans outstanding to approximately 3,000 fishermen for a total of some $395 million. The credit quality of these loans is considered by the Farm Credit Administration to be excellent.

While the farm credit system already plays a role in the U.S. fishing industry, it is a limited one in certain important respects. Fishermen do not have available to them the same range of system credit and related services which is available to farmers and ranchers. The Farm Credit Act Amendments bill of 1980 would remedy this situation. It would do this is five distinct ways. The bill would:

First, authorize the Federal intermediate credit banks to discount the aquatic loans of other financing institutions;

Second, clarify that cooperatives solely engaged in furnishing aquatic business services are eligible to borrow from the banks for cooperatives;

Third, allow Federal land banks to make long-term loans to producers and harvesters of aquatic products;

Fourth, authorize farm credit institutions to provide borrowers, members, and applicants the same financially related services appropriate to their aquatic operations; and

Fifth, allow Federal land banks and production credit associations to finance a fisherman's processing and marketing activity so long as 20 percent of the product comes from the fisherman's catch.

In short, the Farm Credit Act Amendments bill of 1980 will help the farm credit system to provide fishermen, as well as farmers and ranchers, with improved credit and related services. It will do so without an expenditure by the U.S. Treasury. The bill is, I believe, sound and constructive legislation which needs to be enacted in the present Congress.

Mr. MADIGAN. Mr. Chairman, I yield such time as he may consume to a senior member of the Committee on Agriculture, the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Chairman, I thank my colleague for the time, and I welcome this opportunity to salute the leadership on both sides of the aisle for bringing this bill to this body for consideration. I suspect my experience in my home district is typical of that of many other Members of this Chamber. There has been deep concern about whether or not this progressive legislation would finally be enacted in this Congress. I congratulate the gentleman from Illinois (Mr. MADIGAN), the gentleman from Tennessee (Mr. JONES), and the gentleman from Washington (Mr. FOLEY), the chairman of the House Committee on Agriculture, and others who have used their influence to bring about consideration of this legislation at this time. I am sure it was not easy, given the complexity of the legislative schedule this month. I view it as very important legislation, well constructed, and I welcome this chance to express my appreciation.

□ 1430

Mr. MADIGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Vermont (Mr. JEFFORDS), also a member of the committee.

Mr. JEFFORDS. Mr. Chairman, I want to take just a brief moment to alert Members that I intend to offer an amendment to this bill. The bill is an excellent one, overall, and I think it does a lot to assist in with respect to farm credit. However, I think there is one provision in this bill which will create problems.

My amendment will modify section 203 of the bill with the exception of those provisions which allow the Farm Credit Administration to discount loans for banks which lend for farm processing facilities and aquaculture. This is equity of treatment. What my amendment does is to strike those criteria in the bill which could be used to limit access to that discount privilege. There is not any problem now in the law with respect to allowing access to banks, to the discount window. If there is no problem, why do we create possible problems by including within the provisions of this bill various criteria which must be met by the FCA in order to allow access to discount windows?

I would like to illustrate to the Members what could happen if language in section 203 is accepted. In a letter to Ed Jones dated July 2, Mr. Wilkinson, Governor of the Farm Credit Administration, states that they would develop criteria that would allow only 2,500 banks to have access to the discount window. Over 14,000 banks that lend to farmers could have access to this discount window. In my State, we have all small banks. Of the 24 Vermont banks that lend to farmers, only 1 bank would have access to this discount window under the criteria suggested by Governor Wilkinson. Thus, I ask if we are benefiting farmers under the changes in the law. If we do not have a problem now, and if the present law is acceptable why do we want to change it, I have to ask. If you do not have a problem, and no one has come forward and argued that there is, then why do we not do as the other body has done and modify this section?

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Iowa.

Mr. HARKIN. I thank the gentleman for yielding.

Mr. Chairman, did I understand the gentleman correctly, when he said that there are now 24 small banks in his State that now loan to farmers and that, under this bill, they would be reduced to 1?

Mr. JEFFORDS. That is correct. That is my understanding, under the criteria which Mr. Wilkinson believes that this law would imply. There is full authority to do what he wants to do, in the law. My point is, if you get into an emergency situation where you need an excess of small banks that do not have access to other financial sources to the discount window to help the farmers out, it cannot be done under the changes suggested in section 203 of the bill. The law would have to be changed; the regulations would have to be changed. I ask: Is this in the best interest of the farmers and the agricultural sector?

Mr. HARKIN. If the gentleman will yield further, I do not understand how that could possibly happen under section 203, because section 203 is very explicit. Under 203(d)—and we discussed this at great length in both subcommittee and full committee—

All of the loans, financial assistance, discounts, and purchases authorized by this section shall be subject to regulations of the Farm Credit Administration. . . .

And then it says the regulations shall assure—"shall," not "may"—shall assure that such discounts, for example, are available on a reasonable basis to any financing institution authorized to receive such services under subsection (a)(2), which would, I am sure, include all of the banks in the gentleman's State, and first, is significantly involved in lending for agricultural purposes; second, demonstrates a continuing need for supplementary sources of funds to meet its agricultural needs; third, has limited access to national or regional capital markets; and fourth, does not use such services to expand its financing activities to persons and for purposes other than those authorized in section 2.15(a).

Now, I read that to the gentleman because we went through this time after time in the subcommittee and in the full committee. And it was pointed out repeatedly that what I just read to the gentleman, subsection (d), is a modifying clause on all of section 203.

Now, I have not seen the letter the gentleman refers to from Mr. Wilkinson, but if he wrote such a thing, he is wrong.

Mr. JEFFORDS. That is the reason I say we ought to modify section 203 of the bill to eliminate the criteria that can better be handled by regulation. We are creating problems which we do not foresee, do not have, and we do not know about. I will just read to the gentleman from my question to Mr. Frederickson, Deputy Governor at the FCA, what I asked in Agriculture Committee.

Mr. JEFFORDS. But it is my understanding that there is nothing to prohibit you from doing that by just modifying your regulations to say that. Is that so?

Mr. FREDERICKSON. It is, Mr. Jeffords, partially a response to the concerns that have been raised by commercial banks.

Mr. JEFFORDS. Will you answer my question specifically? Is there anything under existing law which prohibits you from doing that now, by either modifying your regulations or issuing policy statements in that respect?

Mr. FREDERICKSON. As a legal matter, no, sir.

Mr. JEFFORDS. That is what I thought. Thank you.

And I am saying: Why create those kinds of problems in this bill?

Mr. HARKIN. We have not had that criteria. Say that again. They have to

have a 65-percent loan-to-deposit ratio and at least 15 percent of their outstanding loans have to be to agriculture, and if they do not have that, they do not qualify?

Mr. JEFFORDS. In his letter, Mr. Wilkinson states that if the bill is passed and section 203 of the bill remains, it would be the intent of the Farm Credit Administration to develop regulations that will give access to the discount privilege to those commercial banks which have a peak loan-to-deposit ratio greater than 65 percent and have at least 15 percent of their loans in agriculture.

It is my understanding that in my State that wipes out almost all of our banks, and my main point is: Why create these problems? There are not problems now.

Mr. HARKIN. What was the date of that letter?

Mr. JEFFORDS. July 2 of this year.

Mr. HARKIN. Because the committee report made very clear—and we discussed this, I remember, in committee, too—and we said that we do not subscribe to those rules and regulations, those are not final rules and regulations. They have not even been proposed yet.

Mr. JEFFORDS. All I am saying is that this is their intent and interpretation. Why create a problem where we do not have one. Right now they have the authority to do what they want to do. If it is subject to the regulatory situation, it can be changed and it can be changed on an emergency basis. If we write this criteria in the law and interpret it the way the Governor suggests, we create all kinds of problems, which I think are totally unnecessary. It is working well now. And if it is working, why bother to change it?

To further clarify my position, I would like to enter into my remarks a letter I addressed to the Independent Banker's Association of America and their response to this letter:

HOUSE OF REPRESENTATIVES,
Washington, D.C., October 30, 1980.

Mr. KENNETH A. GUENTHER,
Associate Director, Independent Bankers Association of America, Washington, D.C.

DEAR MR. GUENTHER: I take exception to a note you had in your October 3rd Washington Weekly Report. The note was headed: Jeffords Amendment: A Raw Deal for Small Bankers. Such a statement and some of the information which follows is a clear misrepresentation of the facts.

In order to provide you with a detailed explanation of my position relative to the discount privilege, I am attaching a copy of my additional views on the subject which were part of the House Committee on Agriculture report on the bill. As you will note, I endorse and actively support the extension of the FICB discount privilege to those banks which provide agricultural financing and have limited access to other sources of funds.

My amendment will not delete the authority to accomplish the proposed Section 203, it will only delete the language in that section that establishes the criteria under which private financial institutions are to have access to the discount privilege of the FICB's. It is possible that with such general criteria in a law, regulations could be developed which would restrict and not expand existing FCA authority to offer loan and discount privileges to other financial institutions (OFI's). Furthermore, access to the FICB discount privilege has not been limited by statute; access has been limited by agency regulations. I believe these matters would be better left to regulation.

My amendment will not open the discount privilege to all financial institutions. The Farm Credit Administration, using existing authority and those added to the bill, would be required to develop regulations to implement this new authority and refine the old authority. Such regulations would receive Congressional scrutiny under the provisions of Section 5.18 as amended by this bill (Section 507 providing for a two-House regulative veto). This review by Congress could ensure that the regulations provide for reasonable access to the FICB discount privilege by those institutions which do not have reasonable access to other sources of funds, and which lend to farmers and ranchers.

I ask that you accurately describe my position in your next Weekly Report.

Sincerely,

JAMES M. JEFFORDS,
Member of Congress.

INDEPENDENT BANKERS
ASSOCIATION OF AMERICA,
Washington, D.C., November 7, 1980.

Hon. JAMES M. JEFFORDS,
House Agriculture Committee,
Longworth House Office Building,
Washington, D.C.

DEAR MR. JEFFORDS: Thank you for your letter of October 30. We appreciate the clarification of the nature of the amendment you may offer on the House floor. This amendment clearly differs from the one you offered in the Subcommittee on Conservation and Credit and the full Committee on Agriculture which would have—in the wording of the Committee report—"stricken Section 203 of the bill altogether." On October 7, your staff was kind enough to give us a copy of the revised amendment, and we did forward this new language to our policy Committees by memo on October 9.

As requested, we have written an article in our newsletter which quotes liberally from your letter to us. A copy of our newsletter is attached.

Please note that we do feel that the ABA may be misrepresenting your amendment when they write to their members, as they did on October 29, that your amendment "preserves the discount option for all banks." You have clearly indicated that the intent of your amendment is not to "open the discount privilege to all financial institutions"—a position that the IBAA accepts as a fair balancing of interests between the Farm Credit System and the banking industry.

While our substantive positions seem to be converging, we continue to strongly urge that Section 203 of the bill be retained as written. Bank access policy to FICB discount facilities should be clarified by law (and we include legislative history such as the House Agriculture Committee report in this desired clarification) rather than, as you suggest, leave these matters to regulation. We were pleased that a substantial majority of the members of the Subcommittee and full Committee voted to include such clarifying language in the bill. It is our strong feeling that entirely too many important decisions have been left to the regulators, and in the case of FICB access policy, the results have only been too clear. We have almost 60 years of unsatisfactory experience under our belts.

As you know, during the Committee markup the Farm Credit Administration indicated that the criteria paragraph of Section 203, which your new amendment proposes to delete, would serve as a legal basis for distinguishing between banks truly needing access and those which do not. Given the ABA's recent commitment to "support a legal challenge of the blatantly discriminatory rules of the Farm Credit System" (please see their enclosed letter of October 29 to their members), the deletion of these important discriminatory criteria may leave us exactly where we presently are, thus maintaining a highly unsatisfactory access policy.

The Farm Credit Administration also has indicated it cannot and will not serve all the Farm Credit System and all the banks. The criteria that appear in Section 203 were subject to Farm Credit Administration-banker negotiations. Both the banks and the FCS had to give up something. We are confident that with Section 203 and appropriate Congressional oversight many more banks will gain FICB access in the months and years ahead.

So while we feel assured that your intent is progressive, we are concerned that if your amendment prevails and if your desired access criteria are indeed implemented by the regulators, others may sue the Farm Credit System as they have already threatened to do. And when that happens, the access question could be tied up in the courts for years. As noted, it would be far better to clarify the rules of the game by legislation as Section 203 does.

We very much appreciate your thoughtful consideration of this very important issue and look forward to working with you in the months and years ahead.

Sincerely,

KENNETH A. GUENTHER,
Associate Director.

Mr. JONES of Tennessee. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. I thank the gentleman for yielding, and I, too, rise in strong support of this legislation. I want to add my words of congratulations to both the chairman of our subcommittee, the gentleman from Tennessee (Mr. JONES), and our ranking minority member, the gentleman from Illinois (Mr. MADIGAN), for their long and hard work that they have put in on this.

This bill was introduced in July 1979. We have had continuous hearings since that time in our subcommittee, field hearings throughout the United States, and many hearings here in Washington. This bill has had input from all of the agricultural sectors in the United States, and I feel that we have come up with a bill which is really going to help the farmers in this country.

There are two important parts to this bill. The first, of course, is the part that extends to the bank for cooperatives the means necessary for them to take a more aggressive role in world trade in selling our agricultural products abroad. And the second important part of this bill, as I see it, is the part that provides to the Federal land banks the ability to increase the amount that they can loan to farmers if they couple it with a guaranteed loan program. And let me just talk briefly about both parts of those.

Agricultural cooperatives, under the direction of their boards of directors elected by the farmers, are seeking to increase their foreign sales of farm products. As the principal lender to cooperatives, the banks for cooperatives want to undergird this effort by establishing financial services that will facilitate the international transactions of cooperatives.

The banks for cooperatives, as part of our farm credit system, provide financial

services to these cooperatives and modification of that law to permit banks of cooperatives to establish these international financial services is, as I said, the major part of this bill, H.R. 7548.

Our farm exports this year will total more than $40 billion. That is up $8 billion from last year. Our net this year, in terms of our net balance for agricultural exports over imports, is over $20 billion.

□ 1440

And so farmers, through their cooperatives, want to play a larger role in promoting and facilitating these farm exports, not only for the good of farmers, but for the good of the country. This interest stems not only from the obvious importance to our balance of trade, but farmers know what an impact it has on their income. Approximately one-third of all grain produced on American farms is shipped abroad. Half of our wheat is sold overseas; half of our soybeans; half of our rice; one-third of our feed grains, mostly corn, is sold overseas.

Now, cooperatives have not had a major part in the export sales of farm products. In 1976, the latest statistics I have available, cooperatives exported directly farm products valued at about $2 billion, but this was only about 9.2 percent of all of our farm products shipped abroad. Well, who sells the commodities around the world, our commodities? Records indicate that the other almost 91 percent of farm exports is handled by a few international grain firms. They buy and sell grain around the world all year long. While they are the major exporting firms for American farmers, they are also the major firms for Canadian farmers, for Australian farmers, for Argentinian farmers, and for European farmers. These same firms, while they are exporters, are also the major importers of farm products in the same areas of the world—in the European Common Market, Japan, and the Middle East.

American farmers would like their cooperatives to have a larger part in the U.S. exports abroad to give them greater confidence that the prices they receive fairly reflect the fair market value of their products. Farmers believe that they can become more active direct exporters. So do I, and that is what this bill is about. They are directing their cooperative managers to become more active in selling and shipping to foreign buyers.

While more than 44 percent of all of the grain sold off the farms by American farmers is sold to cooperatives, over 44 percent, as I said earlier, only about 9 percent of this is shipped abroad by cooperatives, and farmers are expressing their view in this bill that it would be in their best interests if their cooperatives handled more than just this 9 or 10 percent that they now handle.

So, make no mistake about it, this bill is designed to get more money for farmers, to increase our exports of farm commodities abroad, and bring more money back to this country.

The second important part of this bill and second important reason for voting for this bill is section 105, which provides for loans from the Federal Land Banks of up to 97 percent of the appraised value of the farmland, for loans that are guaranteed by Federal, State, or other government agencies. This is an important supplement to the Farmers Home programs and to other State programs that we have in the United States. In addition, it is going to help young farmers because under this bill a young farmer, all he has to do is come up with 3 percent of the downpayment needed as long as he can get that guarantee from Farmers Home or from an existing State program, and the Federal Land Bank will come in and give him up to a 40-year loan up to this 97 percent of the appraised value of the land.

This is going to be the best single thing that we can do in this Congress to help young farmers actively bid on the available land that will be coming up in the near future, for them to get into farming. Right now, this does not exist in law. If a young farmer wanted and had access to the Federal Land Bank, he would have to come up with nearly 25 percent—20 to 25 percent—of the downpayment, which they simply do not have. Under this, they would only have to come up with 3 percent, so this is going to give these young farmers the ability to get into farming and to buy the land that is necessary and spread their payments out over a long period of time.

I believe again, in closing, that this bill, H.R. 7548, is the single most important piece of farm legislation that this Congress has acted on, that the 96th Congress has acted on. Make no mistake about it, it is going to help farmers; it is going to help our country; it is going to help our young people get into farming.

I urge the Members' support for this much-needed, very important piece of farm legislation.

Mr. MADIGAN. Mr. Chairman, I yield 15 minutes to the gentlewoman from Massachusetts (Mrs. HECKLER), also a member of the Agriculture Committee.

Mrs. HECKLER. Mr. Chairman, while I think there are a number of meritorious features of the legislation before us, I take this time to warn the committee and the Members of the House of a very serious problem in title III of this bill, which will be the subject of an amendment I will offer at the appropriate time.

Title III of this bill would permit banks for cooperatives, and in fact the entire farm credit service, to become a multinational financial institution with powers far beyond those necessary to provide credit to American agriculture. My objection to the international financing provisions of title III are threefold: First, I object to providing the Farm Credit Service with virtually unfettered authority to finance nonagricultural producers not only in the United States, but all over the world. Second, I object to the fact that these provisions will not in any way enhance the credit capability of American farmers and their cooperatives. They have been designed specifically to channel limited funds away from the agricultural community and into the nonagricultural sector.

Finally, I am very concerned that before this Congress establishes such a far-reaching quasi-governmental international bank, we should be apprised of the impact such an institution would have on our national and international monetary sources, on our national capital institutions, on consumer prices, and on inflation.

The Farm Credit Act of 1971 established, as the basic policy of the farm credit system, the furnishing of sound, adequate, and constructive credit, and closely related services to American farmers and ranchers, their cooperatives, and to selected farm-related businesses necessary for efficient farm operations. Unfortunately, in title III those provisions relating to the international financial operations of banks for cooperatives go far beyond the stated objectives and purposes of the farm credit system. There is not one sentence in these provisions which would provide authority for the farm credit system to provide additional credit resources to American farmers or American agricultural cooperatives. Rather, they are designed to authorize the farm credit system to channel funds away from American farmers into the hands of nonagricultural parties, some of them domestic, that transact business with an agricultural cooperative and that relates in any manner to the export or import of agricultural commodities, farm supplies, or aquatic products.

Furthermore, if an agricultural cooperative obtains any ownership in any foreign or domestic business entity, it would permit the farm credit service to provide total financing to that entity to facilitate its export-import operations.

Because of the broadness of the language used in title III, the specific implementation of these new authorities by the farm credit service will depend to a large extent on the definitions and limitations imposed under regulations of the Farm Credit Administration. However, one needs only a very rudimentary understanding of international markets to realize what the terminology with respect to transactions for the export or import of agricultural commodities, farm supplies, or aquatic products actually portends.

A very narrow interpretation of this language would limit the farm credit service to provide funding only in the area of exports by agricultural cooperatives. However, it is safe to assume that a Federal agency, in interpreting its own powers, will not limit itself to the narrowest of the interpretations, and the broader interpretations of these powers will go beyond these specific and strict limitations. It would, in fact, allow the farm credit service to become involved in major industrial and managing financing on a grand scale.

□ 1450

Let us look at the type of financial activities and the types of business and individuals who would become eligible to borrow from the banks for coopera-

tives under a broad interpretation of the language proposed in title III.

First, any domestic middleman engaged in the export process and who transacts business in an agricultural co-op becomes eligible to borrow from a bank for cooperatives. An exporter purchasing commodities from a co-op for export overseas could obtain financing not only for the purchase from the agricultural co-op, but also for the entire transaction between himself and the foreign parties. But the language of title III does not stop there. If the commodity supplies products purchased from agricultural cooperatives require any form of processing prior to the export of a finished product overseas, any party engaged in that process becomes eligible for this BC financing. Any type of processing and manufacturing which utilizes co-op commodities may be totally financed by a bank for cooperatives. If the end product is to be exported either directly by the manufacturer or indirectly through the exporting middleman, not 1 cent of that financing will be going to American farmers or American cooperatives.

What type of financing are we talking about? Well, if I may pose a very extreme example, nonetheless, one that is possible under the broad language of title III, it is possible to suggest that the farm credit system could get into the business of financing the export of such items as designer blue jeans to a foreign country. If one follows the connecting trail permitted by the broad language of title III, the answer is that this is not an extreme assumption. If the exporter obtained his goods from a manufacturer who produced his cloth from bulk cloth obtained from a cotton mill in the United States that produced the bulk cloth from the cotton bales purchased from a co-op, he would be eligible.

Furthermore, every step of the process could be financed by a Bank for Cooperatives since every step of the process is, "with respect to transactions for the export or import of agricultural commodities." But the examples of Banks of Cooperatives financing does not stop even there. The language of title III is broad enough to permit the farm credit system, if it decided to utilize its power to the full extent, to go into the business of underwriting capital construction and plant acquisition for foreign manufacturers to produce their raw supplies in whole or in part from the U.S. crops.

Up to this point I have discussed only one aspect of the export side of the title III provision. However, the language of title III is equally applicable to the import of finished or unfinished products ultimately purchased by American cooperatives. Co-ops, for example, use fertilizer manufactured by chemical companies from chemicals often obtained from foreign suppliers. To the extent that foreign materials are used, Banks for Cooperatives could get into the business of financing chemical company acquisitions of foreign chemicals for processing into fertilizer ultimately to be used for American crops. The list of nonagricultural financing permitted for the Banks for Cooperatives under this bill is limited only by one's imagination.

It could be argued that the examples I have cited are extreme and that in any event the farm credit system has no intention of utilizing its power in the fashion I have described.

However, Mr. Chairman, I must point out that these examples are not extreme. The regulations interpreting the statutory language will be promulgated in the first instance by a Federal agency that will benefit most by the broadest and most expansive interpretations available.

If the intent of the system is not to utilize the powers granted, these powers should not be granted in the first place. The type of financing that is envisioned under title III is not the purpose for which the farm credit system was established. To provide the system with a potential for roaming so far afield from the general credit needs of the American agricultural community is not only unnecessary, but really poses the serious threat of reducing available credit to American agriculture.

Mr. Chairman, this leads me to a second major objection I have to the overly broad provisions of title III. Every dollar utilized by the farm credit system to finance the activities of manufacturers, processors, shippers, exporters, foreign purchasers, and sellers, and the like, is a dollar that is not being utilized by the American farmer. I am speaking now not only of the resources of the Banks for Cooperatives as a separate part of the farm credit system, but of the resources of the entire farm credit system itself. Although title III of the bill speaks only to the sources of Banks for Cooperatives, it must be remembered that this bill virtually integrates the entire farm credit system into one national and international banking facility. Loans made and losses suffered by Banks for Cooperatives will be shared systemwide and the assets of the smallest BCA can end up financing the entire process from manufacture to export.

Now, I am speaking only about the resources utilized by this system in its lending operations. However, title III actually permits Banks for Cooperatives to participate directly in the ownership of foreign companies in order to obtain services needed to facilitate their transactions. Title III actually permits the Banks for Cooperatives to participate in the ownership of foreign companies in order to obtain the services needed to facilitate export-import transactions.

When we talk about export-import companies, market analysis companies, shipping companies or the like, the farm credit system should not be in the business of buying and independently running such entities. Again, I must emphasize these powers are not limited to banks for cooperatives.

Under title IV of the legislation, any two banks of the system, be they banks for cooperatives, Federal land banks, or Federal intermediary credit banks, can create a corporation to perform any function authorized by any one of the participants with the exception of lending and insurance sales. The exception provided for banks for cooperatives is neither a lending nor insurance function. Therefore, the resources of the banks in the system can ultimately be used to engage in any of these activities.

Again, Mr. Chairman, I must emphasize that these are not functions which the farm credit system was ordained and established to fund and to deal with. These are not activities which the resources of the farm credit system should be directed toward, particularly at the expense of the American farmer.

Finally, I think that there is another concern which I see with title III of this legislation which has been totally overlooked in the consideration of the bill, and that is the impact this legislation may have on our national and international monetary policies, our national capital markets, or consumer prices, and on inflation. The farm credit system is already a major factor in U.S. capital markets. As of December 31, 1979, the system had $5.2 billion of agricultural debt outstanding. During 1979, the system's net bond sales accounted for almost 2.5 percent of the total funds raised in U.S. capital markets. The nonagricultural powers granted in title III of this bill provide potential for creating the largest international multipurpose financial institution in the world. While it is not possible at this time to estimate with precision the increase in the capital market's share for the system by virtue of this legislation, it does not strain the imagination to realize that the increase could be manyfold.

Unfortunately, no one has taken the time or the trouble to study the impact such increase would have on other participants in the market against which the system's bond sales directly compete. How many billions in the market would be shifted by this bill from the housing industry, from State and local government projects, and the like, to provide the system with the resources to finance and acquire export and import operations, operations which may be at best only collaterally, indirectly related to the American agricultural community? I do not have the answer to that question. I do not believe that any person could have the answer without knowing precisely how far the system would go in implementing the broad, new powers provided under title III. But the ramifications of the power granted by title III are far more extensive and significant than its supporters have stated and perhaps more than they realize.

Mr. Chairman, this Congress should not take a giant leap forward in the void without a careful economic analysis of the international banking and monetary implications and the impact of title III of this bill. The impact on domestic industries, the national capital market and foreign trade have not been studied under this proposal, nor has the consequential effect on U.S. agriculture from the diversion of farm credit system funds from the productive needs to nonagricultural needs that can be addressed.

Nor has the effect on prices that you and I pay in the supermarket for

farmers products been adequately studied in the consideration of this bill.

Mr. Chairman, I approve and support the farm credit system. It was established to serve the needs of American agriculture and it has a record, a fine record of service in doing this, but if that system is now to be converted into one of the Nation's major international financial operations, the issues that I have raised should first be resolved. I suggest, therefore, at the very least the international financing powers granted in title III should be eliminated as should title III. These powers are not the key to the bill. They are the key to creating a radical change in the nature of a farm credit system. Such a radical change raises issues of national import that this Congress should not enter into blindly.

At the appropriate time, Mr. Chairman, I shall introduce an amendment to repeal title III.

□ 1500

Mr. JONES of Tennessee. Mr. Chairman, I yield such time as he may consume to the gentleman from South Dakota (Mr. DASCHLE).

Mr. DASCHLE. Mr. Chairman, I rise in support of H.R. 7548, the Farm Credit Act Amendments of 1980. I do so with some reluctance, not because I do not believe that there are a number of provisions in this proposal which deserve to be enacted into law to give the farm credit system the tools they need to effectively meet the credit needs of their member-borrowers. But, rather through a belief that some of the provisions in this legislation perhaps gives to the system advantages which allow them an unfair competitive advantage over other segments.

I was fortunate enough to have had the privilege of hosting the distinguished chairman of the House Agriculture Subcommittee on Conservation and Credit, Mr. JONES of Tennessee, on a field hearing aimed at gathering the input from South Dakota's farmers and ranchers on this legislation.

At that time, while support for the legislation was widespread among farmers and farm groups alike, a number of problem areas were cited in the legislation—sections which gave the system an "unfair, Government-sanctioned" advantage over other interests.

Many of these critical areas were modified during the committee's deliberation of this legislation, and as a result, compromise language was introduced by the distinguished chairman and ranking member of the subcommittee.

There are a number of provisions in this legislation which deserves the support of this body. While the initial language granting bank for cooperative financing for cooperatives may have been too encompassing, this provision of the legislation was modified during the committee's consideration of the legislation by the gentleman from California (Mr. PANETTA) and, in my opinion gives the system the necessary tools to finance the export needs of their member-borrowers.

However, Mr. Chairman, my major area of concern rests with the section of this legislation dealing with the other financing institutions (OFI) access to the system's Federal Intermediate Credit Banks discounting privileges. The system's record on OFI involvement in discounting privileges has not been good. I am not totally convinced that the language contained in the bill gives the system sufficient congressional direction for improvement in this area. It was for this reason that I offered two amendments during the Agriculture Committee's consideration of this legislation aimed at clearly defining the congressional intent of bank holding company and affiliates involvement with the FICB's discounting privileges.

My amendments were defeated during the committee's deliberations on this legislation. It was during that markup that the system gave a commitment to improving their FICB discounting procedures. I, for one, as well as others on the Agriculture Committee, will be watching the system's progress to making good on that pledge.

Certainly we hope that it succeeds. However, if it does not, I intend to join with many others in this Congress to see that the OFI provisions of this legislation are strengthened in the future.

Mr. Chairman, I yield back the balance of my time.

Mr. JONES of Tennessee. Mr. Chairman, I yield such time as he may consume to a member of the subcommittee, the gentleman from Wisconsin (Mr. BALDUS).

Mr. BALDUS. Mr. Chairman, I first want to say what a pleasure it has been to work with the chairman of this subcommittee, the gentleman from Tennessee (Mr. JONES) and the gentleman from Illinois (Mr. MADIGAN), the ranking minority committee member.

Mr. Chairman, Wisconsin is known as an agricultural State—America's dairyland. Much of the success of farmers is due to the development of their own cooperatives—helping themselves by working with other farmers. These farmers, through their cooperatives, have also developed their own bank for cooperatives. There are 13 of these banks nationally. The one serving the States of Wisconsin, Michigan, Minnesota, and North Dakota is located in St. Paul, Minn. The St. Paul Bank for Cooperatives serves as a source of funds for the cooperatives in the four-State area. These funds are not Government funds, but are obtained through the sale of securities in the money market. The St. Paul Bank for Cooperatives is part of the cooperative farm credit system which serves the Nation's farmers and aquatic producers.

H.R. 7548 is legislation which would permit the cooperative farm credit system, which also includes the Federal land banks and Federal land bank associations, Federal intermediate credit banks and production credit associations to better serve its farmer-members. Included in this bill are some amendments which would specifically assist farmer cooperatives in providing better service to their farmer-members.

For example, H.R. 7548 contains an amendment which would lower the farmer-member eligibility requirements for financing by banks for cooperatives to rural utility cooperatives that have 60 percent of their voting members as farmers. This change will permit the bank for cooperatives to serve—and continue serving—a wider range of utility co-ops. Currently, the minimum eligibility requirement on rural electric cooperatives is 70 percent farmer-members.

Another amendment would authorize the bank for cooperatives to finance agriculture export transactions in which a U.S. cooperative is the primary beneficiary. At the present time, the bank for coperatives can finance a cooperative through the transfer of product right up to the port, but cannot carry it further. It is felt that providing by full financing, it will not only enhance the sale of U.S. farmer products, but will enhance the farmer's share of the profits. At the same time, this will help the U.S. consumers in that increased agricultural trade should be a boon to the balance of payments.

Another provision of H.R. 7548, which I believe is especially noteworthy, is one which would authorize the banks for cooperatives to finance domestic leveraged leased transactions. Leverage leasing has been an important financing technique in this country for some time. About every type of major capital equipment has been leased, including such things as transportation equipment and processing facilities. Leasing has become attractive in many business situations because it can provide lower costs when compared to traditional financing. At present, cooperatives are unable to obtain this form of financing from their BC's. This legislation would enable the bank for cooperatives to do so. In light of the tremendous capital requirements cooperatives are facing in the 1980's, it is likely that leverage leasing may become of great importance to a large number of supply/marketing/utility and other cooperatives.

As is well known, most legislation that we consider involves appropriations. I would remind you that the cooperative farm credit system is completely self-sustaining. The banks and associations of the system even pay for the Government supervision through the Farm Credit Administration. It should be emphasized, too, that there is nothing in H.R. 7548 which requires appropriations. In voting for H.R. 7548, you have the rare opportunity of helping the farmers of America, as well as the consumers and at no cost to the U.S. taxpayer.

Mr. MADIGAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 7548, the Farm Credit Act Amendments of 1980. I want to associate myself with the remarks of the distinguished chairman of the Subcommittee on Conservation and Credit of the Committee on Agriculture, Mr. JONES of Tennessee, and urge my colleagues to support this legislation.

On June 11 of last year, Chairman JONES and I introduced H.R. 7548, a bill which will update and improve the operation of the farm credit system in order to meet the changing credit needs of U.S. agriculture. In addition to updating the services provided to member borrowers, H.R. 7548 also amends certain provisions of the Farm Credit Act pertaining to the Farm Credit Administration, the agency responsible for supervising the farm credit system institutions.

The importance of providing adequate credit for our food-producing sector cannot be overestimated. Farmers must rely on large annual outlays of credit to finance the purchase of such items as equipment, fuel, and labor. Annual credit requirements of farmers have more than trebled in the last decade, a 300-percent increase in the 10-year period of time, and estimates indicate that they will double from current levels by 1985, just 5 years from now.

The cooperative farm credit system plays a major role in helping our agricultural sector meet its credit needs. The system holds close to one-third of total U.S. farm debt, and is the single largest source of credit to the farm sector. Farm credit system institutions provide credit and other closely related services to farmers, ranchers, producers and harvesters of aquatic products, agricultural and aquatic cooperatives, rural homeowners and certain businesses providing farmers with services essential to their on-farm operating needs. As passed by the Agricultural Committee, H.R. 7548 will update and improve these credit services, thereby insuring that the changing credit needs of our agricultural sector are better served by the farm credit system.

H.R. 7548 makes a number of changes to the 1971 Farm Credit Act. Major provisions of the bill will provide new authority for farmers to use their cooperative credit system to finance export and import programs, liberalize mortgage credit authority to help young and beginning farmers, and specifically define conditions under which the farm credit system may serve as a channel to national money markets for certain other private rural lenders. The bill also includes provisions to extend credit for processing and marketing activities by farmers and fishermen, and permits some rural co-ops to remain eligible for financing even when rural growth and urbanization reduces their percentage of farmer membership to 60 percent, as compared to the present 70 and 80 percent floors.

In addition to these new authorities, H.R. 7548 limits farm credit system insurance activity, and includes congressional authority for a two-House veto of regulations dealing with export credit or discounting of loans for other financial institutions. The bill also contains a provision to have the General Accounting Office study and report to Congress on the impact and effect of the Farm Credit Act as amended by H.R. 7548.

I would like to point out that none of the provisions of this legislation will entail an expenditure of public funds. The farm credit system is completely self-sufficient financially. No Government funds are involved, and even the costs of the Farm Credit Administration are assessed upon the banks and associations it supervises, so that there is no hidden support of this system by the Federal taxpayer.

There were many controversial provisions in the initial bill, including giving them the authority to move out of the District of Columbia. That has been deleted. The authority that would have allowed them to set their own salary levels has been deleted. The insurance activities which they contemplated engaging in and those in which they already engage have been strictly limited by amendments to this bill already adopted in the committee.

□ 1510

There are changes in co-op eligibility in this bill, to answer other objections, and a limit on export financing sponsored by the gentleman from California (Mr. PANETTA) has also been included in the bill so that the bill, as it comes before this body, enjoys the support of the Department of Agriculture and also the American Farm Bureau, the National Grange, the National Farmers Union, the National Council of Farmer Cooperatives, and many other commodity groups and cooperatives. The bill is also supported by the Independent Bankers Association of America and the Independent Insurance Agents of America.

Mr. Chairman, the bill is a product of over a year's work by the House Committee on Agriculture. Extensive hearings were held not only in the District of Columbia, but also throughout the country in order to receive the views of interested parties on all sides of the issues that are touched on by this bill.

As a result, this bill, H.R. 7548, was approved by a vote of 41 to 0 and enjoys the support of all of the prominent organizations that I have mentioned.

The bill will improve and update the farm credit system so that it may better serve the changing credit needs of its member borrowers, farmers, ranchers, and producers and harvesters of aquatic products and their cooperatives.

I would urge support of the bill. Thank you.

● Mr. WAMPLER. Mr. Chairman, I rise in support of H.R. 7548, the Farm Credit Act Amendments of 1980, and I commend Chairman FOLEY, the subcommittee chairman Mr. JONES, and ranking subcommittee member, Mr. MADIGAN, for arranging to bring this bill up under regular order. Had this matter come up under suspension, several Members who wish to offer amendments would have been denied an opportunity to take their case to the entire membership. I do not believe that would have served the farm credit system, the banking community generally nor the farmers who wish to use the expanded services of the farm credit system. Nor would it serve the private banking community which extends a substantial amount of credit to the farmers as well as to the farm credit system itself.

I know that several Members have amendments to offer. Mr. JEFFORDS and others on this committee have filed additional views to the report accompanying H.R. 7548 suggesting that an amendment would be offered as it relates to the financing of other financial institutions (OFI's) by the Intermediate Credit Banks. This was a matter that received considerable debate in the committee and is a matter which should be fully aired on the floor. It is my understaning that Mr. JEFFORDS will offer such an amendment.

Another matter which is of concern to the private banking community, especially on the east and west coasts, relates to the additional authority granted in this bill for the export financing of farm cooperatives through the farm credit system, more particularly the Bank for Cooperatives. This is a matter which obviously is of concern to the private banking community. There are several in the private sector who believe they already offer adequate financing to the cooperatives as it relates to export activity undertaken by the cooperatives—even to the extent that export financing is contemplated to be expanded in the forthcoming years.

As I understand it, amendments will be offered as it relates to export financing, and the proponents of those amendments will provide the arguments that will flush out these issues adequately for all the Members to vote on the amendments. I think that the mere discussion of these amendments will result in more general satisfaction with the bill that we ultimately pass here on the floor today.

There are other amendments, some of which have been printed in the RECORD, that have had an opportunity to be read, and I am sure that a discussion of these amendments will provide further enlightenment as to certain of the issues that are involved in this major piece of legislation reported by the committee.

I am saddened that this major piece of legislation—one of the three more important pieces of legislation reported by the committee in this session of the Congress—had to be taken up this late in the session. However, adequate farm financing in the next few years is going to be extremely important if we are to have a healthy farm sector. Despite rising food prices, I do not happen to believe that farm commodity prices have kept pace with the inflation rate. I think you only have to compare commodity prices now with those obtained 10 or 20 years ago to find support for that statement.

Farmers have been living to some extent on the credit they have obtained by refinancing their farm loans, but certainly that procedure cannot long be sustained. We are going to have to provide farmers with better incomes through export expansion and other devices. But until we can insure that kind of adequately improved farm income, it will be necessary—based on the greater capital needs of modern farming—to provide the farm sector with the credit needed to improve their farming operations and

permit new farmers an opportunity to start and own their farming operations or to expand their operations to improve their productivity.

This bill will provide much of that farm credit through the farm credit system. I believe that there is room for improved financing of the export financing of farm cooperatives. How far that expansion is needed, I think only time will tell. Where adequate private financing is available, there may not be any great need for the farm credit system to crowd out the private sector. However, where export financing is not readily available, as I understand it, in some portions of the country, then the farm credit system can perform a service for the country as a whole. I would hope the regulations regarding export financing that Congress will review under this bill will be reasonable and not the type that will set off further disputes on this issue.

A great deal of work has been put into this bill. Some compromises have obviously been made, and the result of the consideration of the floor may reflect that further compromises are necessary based on the votes. However, I do believe that it is in the national interest to pass this bill today, and I urge you to do this. If there is a need to go back and look at certain provisions of this bill in the next Congress, I have no hesitancy in urging the committee to do this. However, the General Accounting Office report to Congress called for in this bill and the two House veto provisions relating to FCA regulations should provide adequate oversight.

Again, I urge you to vote aye on this bill.●

Mr. JONES of Tennessee. Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa (Mr. BEDELL), a member of the subcommittee.

(Mr. BEDELL asked and was given permission to revise and extend his remarks.)

Mr. BEDELL. Mr. Chairman, I would like to take this occasion to commend both the chairman of the committee and the ranking minority member for their job with this legislation. It is no easy task to be able to get some legislation which will pass the subcommittee by an 18-to-0 vote and a full committee by a 41-to-0 vote, particularly on this particular committee on which I serve. I think it is a great testimonial to their ability to work out something, especially in a complex manner such as this, which would receive such unanimous support from both the subcommittee and the committee.

Mr. Chairman, I rise in support of H.R. 7548, the Farm Credit Act Amendments of 1980. If I may, I would like to take this opportunity to acknowledge those provisions in the bill which I believe will reasonably enhance the farm credit system's ability to serve the credit needs of individual farmers and their cooperatives, as well as speak to those legitimate concerns of some private bankers who have expressed their opposition to this legislation.

I believe that the farm credit system has demonstrated that it has an essential role to play in providing credit to agriculture. As the credit needs of agriculture have mushroomed over the past several years, the farm credit system, along with the private banking system, has risen to the occasion and met the demand for agricultural financing. I believe it is fair to say that the farm credit system's role in meeting this increased credit demand was critical to assuring that these needs were met.

I know that in northwest Iowa this past spring, when commodity prices were disastrously low, interest rates were at record levels, and farmers were extremely hard-pressed to obtain operating funds at almost any cost, the local production credit associations were able to help out many borrowers with planting expenses.

I believe there are several provisions in the legislation which, if enacted, will be of direct benefit to farmers. One of the most important, in my opinion, is that provision which will expand the system's authority to assist farmer cooperatives in financing agricultural exports. As we know, exports have become increasingly essential to assuring prosperity in agriculture, and if farmer cooperatives cannot take full advantage of the opportunity to participate in our dramatically expanding farm export market, then farmers themselves cannot receive their proper share of the rewards resulting from dynamic growth in U.S. farm exports.

Among the additional provisions which will help the system to meet the needs of farmers is the one that allows farmers to couple farm credit system financing with government loan assistance, as well as that language which mandates that smaller rural banks with a significant number of farm loans have access to the farm credit system's discount resources.

I have heard from a number of private bankers—as I am sure other members have—who have expressed their strong concern about this legislation. Bankers have expressed their fear about the encroaching nature of the farm credit system's authority, and its special tax and regulatory advantages. And they have stated that their concern is fully warranted by past actions of the system to deny credit assistance to certain rural banks and compete for the business of agricultural borrowers.

I am aware of and understand these concerns, and I would like to make these observations.

First, during the hearings and markup sessions on this bill—at the subcommittee and committee level—many members, including myself, exacted statements for the record from Farm Credit Administration officials concerning their implementation of the new authority in the bill. These officials told the committee that no private banks—the so-called OFI's—that presently have access to the Federal Intermediate Credit Bank's discount window will be denied continued access to the window was a result of the legislation. In fact, the explicit language in the bill itself holds the FCA officials to this pledge.

Additionally, no bank that is requesting access to the FICB discount window may be denied access solely because of its size—there is no size limitation in the bill. The bill simply says that access must be granted if the rural bank has a significant number of agricultural lenders, has a continuing need for additional sources of credit, and has limited access to regional and national capital markets. Presently the FVA has authority to deny even these small and needy rural banks this credit assistance.

Moreover, I believe that for nearly half of the members of the Agriculture Committee, including myself, this was the first opportunity we have had to become really familiar with the details of FCA's complex authority and operations. I would like to point out that several members of the committee—myself included—have put the FCA on notice that the committee intends to follow very closely the implementation of this new authority. I, for one, intend to use the knowledge gained during the course of our efforts to subject the future actions of the FCA to closer scrutiny.

Finally, I would like to call the attention of the members and FCA officials to the provision in the bill which subjects future FCA regulations to a veto by the Congress if the Congress finds fault with the language or intent of the proposed regulations.

On another matter, one of the most difficult areas that had to be resolved by the committee was that of the role of private insurers in the farm credit system programs. The committee owes much to the work of Mr. MADIGAN and Mr. JONES in developing a compromise on the role of private insurers. The language that was added to the committee report would maintain for the Farm Credit Administration its traditional supervisory role while retaining as a right of local FCA's the ability to choose the private insurer which is most responsive to their local needs.

I wish to emphasize the following sentence, which appears on page 44 of the committee report:

> The banks may, only by agreement with an insurer, offer services traditionally furnished by insurers to the Farm Credit System.

It is my understanding that the word "insurers" refers to private insurers. In other words, the farm credit system would not have the ability to enter into an agreement with a Government insurer to perform services that have traditionally been performed by private insurers.

I appreciate this opportunity to speak on the legislation, Mr. Chairman, and urge its adoption.

Mr. JONES of Tennessee. I yield such time as he may consume to the gentleman from Texas (Mr. STENHOLM), a member of the full committee.

Mr. STENHOLM. Mr. Chairman, I would like to engage the chairman of the Subcommittee on Conservation and Credit in a brief discussion concerning one of the provisions of this legislation that has brought about some concern within my district. I believe that there has been some erroneous information

circulating as to the intent of this legislation.

Mr. Chairman, it is my understanding in the section that deals with off-farm processing and marketing loans that the provision whereby we are requiring that 20 percent of the volume of any business that is financed through the farm credit system, be owned by the farmer who has made application through his own cooperative? Is that correct?

Mr. JONES of Tennessee. If the gentleman will yield, that is correct.

Mr. STENHOLM. The concern that many of our small bankers in our rural areas have is that this legislation, if it passes in the manner in which we have it before us today, that this will somehow provide a change in a more liberal manner in which the farm credit system can make loans within their own business communities.

It is my understanding and has been since we discussed this in the Committee on Agriculture, that we are not liberalizing the farm credit system. Really, we are tightening the legislation up to provide what our cooperatives want, our PCA's in particular, want, which is to be able to assist their farmer members in making loans for facilities that will improve that individual farmer's opportunity to make a better profit on his own farm, and the reason we put the 20 percent in is to provide that it will be so.

Mr. JONES of Tennessee. If the gentleman will yield further, that is exactly true. As the gentleman quite well knows and as other members of the subcommittee who are here today know, we spent a good deal of time in arriving at a position that we thought to be equitable and fair in this area that the gentleman is discussing; and we believe, and the testimony we heard in the States, as well as here in Washington, D.C., bore out the fact that it was compatible to require that the farmer-owners comply with as far as their particular operation is concerned.

Let me say this while I am speaking. There was absolutely no intent of members of the subcommittee, or of the full committee as far as that goes or in the hearings, any intent to deprive or destroy the lending ability of any institution that was involved. It is simply that we wanted to make it possible for the Federal intermediate credit banks, the PCA's and the FLB's to have a little bit more authority as far as their own lending ability is concerned, because they are owned by farmers, and in my opinion, they have a right to help make the rules and regulations that they operate by.

Mr. STENHOLM. I thank the gentleman. I am glad to have that assurance.

I think the farm credit system as a whole has stood side by side with the private banking industry for a period of many years, each servng our rural farmer members and customers in a variety of ways; and I certainly would be opposed to any proposal which would undermine the interest of private industry on any level, but as I have understood these provisions and as the gentleman has just reassured us, Mr. Chairman, I certainly do not see any of the problems associated with this legislation that have been put forth by some in regard to the eventual effect of this legislation.

I thank the gentleman.

Mr. JONES of Tennessee. Thank you. I think the gentleman's point is well taken. I am sorry in my opening statement that I did not emphasize that more than I did, but that is a good job well done.

Mr. MADIGAN. Mr. Chairman, I have no further requests for time and reserve the balance of my time.

Mr. JONES of Tennessee. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. COELHO), a member of the committee.

Mr. COELHO. Mr. Chairman, the Subcommittee on Conservation and Credit adopted an amendment proposed by the gentleman from California (Mr. PANETTA) which pertains to the authority of the Bank for Cooperatives to finance exports or imports of agricultural commodities.

As I read the language of section 304 (2) (b), the Bank for Cooperatives could finance a sale made by a private exporter who had purchased the commodity from a cooperative marketing association.

Mr. JONES of Tennessee. If the gentleman will yield, this question was raised when the bill was approved by the full committee. Some members were concerned that the large grain companies could make use of this new financing facility.

The intent of the legislation is for the export financing facility to primarily benefit cooperatives, but marketing practices of many cooperatives indicate that the actual export sales are made through an independent exporter.

Under such circumstances a private exporter could utilize Bank for Cooperatives financing when such financing is necessary to complete an export transaction.

Mr. COELHO. This is why I have raised the question. In committee, the export marketing structure was not discussed.

The large grain trading companies will not make use of this financing. They have no intention of utilizing the Bank for Cooperatives, as they have access to substantial credit from commercial banks.

The situation is different in the cotton industry—90,000 producers market their cotton through 500 different cotton merchandising firms and cooperative marketing associations. The cooperatives also market a substantial amount of cotton, approximately 50 percent of their volume, through independent cotton merchandising firms. The number of buyers prevalent in the U.S. cotton trade provides a more competitive marketplace for America's cotton producers.

Seventy-five percent of the cotton export trade is handled by 155 independent firms and their subsidiary companies. Three regional cooperatives export the remaining 25 percent of the U.S. upland cotton crop.

The larger cotton exporters have access to credit. The majority of cotton exporters are small- and medium-sized firms who have experienced difficulty in receiving credit from commercial banks during periods of tight credit. At such time, the banks favor their volume customers and the smaller exporters could be squeezed out of business if the commercial banks do not extend credit.

The intent of this legislation should be quite clear. We want to facilitate credit and expand our agricultural exports, but not to the detriment of the small independent exporters.

The legislative history should clearly indicate that in situations where independent firms purchase the commodity to be exported from a cooperative, the independent exporter should be eligible for Bank for Cooperative financing, if requested by the cooperative.

Given that we are authorizing the export financing authority in order to benefit cooperatives, we should bear in mind that the farmers who are members of the cooperative benefit when the export sale is made directly or indirectly. It is the intent of section 304(2)(b), that in such instances a noncooperative will be eligible for the export financing service only in direct proportion to the amount of the commodity that it purchases from the cooperative.

Mr. JONES of Tennessee. I agree with my colleague from California. We do not intend to prejudice anyone. Certainly there are situations when it would be difficult for small independent exporters to obtain a line of credit. In such cases, when credit is tight and the exporter has a prior course of dealing with the cooperative, it would be appropriate to utilize the Bank for Cooperatives to finance the export transaction.

When a cooperative makes a sale whether it be through another exporting cooperative, an independent exporting firm or directly to a foreign importer or a consuming or processing establishment—it is just that—a sale. When payment is made on that sale a benefit is realized by the cooperative.

We are interested in increasing agricultural exports—to benefit U.S. agriculture—U.S. producers will benefit whether the cooperative sells directly or through private trade channels. We should not discriminate in such situations.

Mr. COELHO. I thank the distinguished gentleman from Tennessee. Cotton production and cotton marketing are important to the economies of each of our districts, and it is important that we clarified the intent of the legislation.

To avoid any further misunderstanding, how would this authority be extended to independent exporters?

Mr. JONES of Tennessee. The regulations of the Farm Credit Administration—which would be reviewed by the Federal Reserve, the Comptroller of the Currency and the Committee on Agriculture—would instruct the Bank for Cooperatives to make the exporter eligible for a line of credit equal to the value of the commodity at the time of the sale.

Mr. COELHO. The Bank for Cooperatives would be required to extend a line of credit to a cotton exporter in an amount equal to the value or the cotton purchased from the cotton marketing

cooperative, if requested by the cooperative.

Mr. JONES of Tennessee. That is correct. That is the intent.

Mr. COELHO. Thank you. I agree that we are trying to benefit farmers and this authority would provide equality in situations common in the cotton industry where cooperatives sell through noncooperatives.

□ 1520

Mr. JONES of Tennessee. Mr. Chairman, I yield such time as he may consume to my good friend, the gentleman from Missouri (Mr. VOLKMER).

Mr. VOLKMER. Mr. Chairman, I, too, wish to rise in support of H.R. 7548 and to commend the gentleman from Tennessee and the gentleman from Illinois for their diligent work in behalf of the agricultural and farm community, not only on which I serve, but many other Members of this body, which is the economic backbone of this country.

I wish also to commend the leadership of this body for permitting this bill to be taken up today and in the press of business that we have in the last few days of this session, for to me it is one of the most important pieces of legislation that we can devote our time to. I am very pleased that we are able to do it today. I wish to again commend the gentleman from Tennessee, the gentleman from Illinois, the gentleman from Washington (Mr. FOLEY), the chairman of the Agriculture Committee, and all members of the Agriculture Committee for this much needed piece of legislation.

Mr. JONES of Tennessee. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. STARK) for a question.

Mr. STARK. I thank the distinguished chairman for yielding to me.

I would like to discuss for a moment the change of the amendment to title XII, which on its face seems to be an innocuous change, but in effect allows the Farm Credit Administration to maintain its principal office elsewhere than the District of Columbia.

We have gone through this same concern with many other Government agencies who for one reason or another have elected to move to Maryland or Virginia when those of us who serve on the District Committee and those of us who are taxpayers have been subsidizing the District of Columbia for a number of years with our constituents' dollars.

We have tremendous areas in the District of Columbia which are undeveloped and underdeveloped areas which could benefit greatly from having a Federal agency with its headquarters within the District of Columbia. It is, in effect, Federal money we are spending.

With all due respect to my many good friends in the State of Maryland and in the State of Virginia, they do not have the inner city decay that we have here in the District of Columbia and until such time as the Farm Credit Administration could come before this body and make a case that there is no good location in the District of Columbia where we would benefit from the fallout of these jobs that will be required to expand their operation as is foreseen in this act, I wonder if the distinguished chairman would concur with me that it might be the better part of financial frugality and wisdom to strike the change to title XII at this point and leave that for a future date when we could assess the necessity or the possibility of the headquarters of this distinguished organization leaving the District.

Mr. JONES of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. STARK. I would be glad to yield.

Mr. JONES of Tennessee. Let me say that this happened to be not a part of the chairman's idea that it even be given the principle or the idea of moving anywhere except maintaining its principal office here in Washington, D.C.; but let me point out that this is not like an agency of Government moving out, because there are only 250 employees to begin with, many of whom I suspect may already live in Virginia and Maryland; but the truth of the matter is that this came about as the result of an effort on the part of the Farm Administration to move beyond this area. This was a compromise amendment that was offered by the gentleman from Texas (Mr. HANCE) that confined the principal office to be within Washington, D.C., Maryland, or Virginia; in other words, in the standard metropolitan area somewhere.

We are not talking about a large number of people. We are talking about an office primarily and the truth of the matter is that I suspect the majority of these people do live in Virginia and in Maryland. I have no desire whatsoever to see them leave the District or the area, especially.

The truth of the matter is that the majority of the members of the subcommittee did not care to see them leave at all.

Mr. STARK. I would share that feeling, if the distinguished chairman would yield to me further. We have seen this happen with Fannie Mae, which is a somewhat similar organization. It is quasi-governmental, and albeit there may only be 200 jobs or 250 jobs, it is those people doing their shopping, buying lunches, it is the proximity to other credit agencies, the Federal Reserve Bank, and indeed, the Congress, to come and testify before the committee of the chairman.

It is far more cost efficient to hop on Metro and come here to the Hill than to drive in from Virginia or from Maryland.

As I said earlier, I think that if there was, indeed, a specific plan, a need to be presented to the chairman's committee, I am sure the committee would in good order hear their need and approve a particular site outside of the District; but we have seen this happen in other agencies.

My interest would be to sort of stem the tide, to see us redevelop our Nation's Capital so that the chairman's constituents and mine can come here and be proud of it and that we would not have to continually increase our subsidy and one of the ways we all know, we all want to do this in our own districts, is to encourage bureaucracies and new building and new businesses to locate, so that I think I would ask the chairman, I intend to offer an amendment at the appropriate time to strike the amendment to title XII which would still allow them to locate their other offices, other than their principal office, in any part of the country which was convenient and efficient and suited the management of the agency.

□ 1530

But as long as there is no present plan to move I would not like to encourage other agencies to leave us here alone without the convenience and the camaraderie we would get. I would hope the chairman would not strenuously oppose my amendment at the proper time.

Mr. JONES of Tennessee. If the gentleman will yield further, as I mentioned earlier, I was not a part of the amendment per se. However, since the subcommittee and full committee adopted the entire bill without a single dissenting vote, it has to be my position that I will stay with what the decision was.

But the gentleman, of course, can go ahead and offer his amendment at the proper time.

Mr. STARK. I appreciate that and thank the chairman for yielding.

● Mr. LEE. Mr. Chairman, the legislation before us today enjoys my enthusiastic support. As farming has advanced technologically, the farming industry has become a more capital-intensive one. This trend, and the consolidation of smaller farms into larger production units, has greatly increased the farmers' need for working capital. In fact, the annual credit requirements of farmers have more than tripled in the last decade, and it is projected they will double again by 1985.

The bill before us would help assure that a dependable supply of credit is available to farmers and cooperative associations, regardless of fluctuations in the Nation's money supply. This measure would allow the farmer-owned cooperative farm credit system to provide export financing by farmer co-ops. It would also authorize expanded credit for farmer-controlled processing and marketing, more liberal mortgage credit authority which could help young farmers, and would provide clearly defined authority for access to national money markets for many rural lenders.

The farm community has been hard hit in the last few years, not only by rising prices of seed, fertilizer, and equipment, but by the grain embargo and most recently, by a tremendous drought. It is becoming more and more difficult for the family farmer to make an adequate living to justify his staying with the land, and we continue to witness the disappearance of these individuals and the subsequent sale of valuable farm land, in many cases, to foreign nationals.

The passage of the Farm Credit Act amendments today will go a long way toward reversing that trend. As a cosponsor

of this much-needed legislation, I urge my colleagues in the House of Representatives to join with me in according H.R. 7548 their wholehearted support.●

Mr. JONES of Tennessee. Mr. Chairman, I have no further requests for time and yield back the balance of my time.

Mr. MADIGAN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Pursuant to the rule, the amendment in the nature of a substitute recommended by the Committee on Agriculture, now printed in the reported bill, shall be considered by titles as an original bill for the purpose of amendment, and each title shall be considered as having been read.

The Clerk will designate section 1.

Section 1 reads as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Farm Credit Act Amendment of 1980".

The CHAIRMAN. Are there any amendments to section 1?

If not, the Clerk will designate title I.

Title I reads as follows:

TITLE I—FEDERAL LAND BANKS AND ASSOCIATIONS

SEC. 101. Section 1.4 of the Farm Credit Act of 1971 is amended by—

(1) striking out in paragraph (6) "loans and" and inserting in lieu thereof "and participate in loans, make";

(2) inserting before the period at the end of paragraph (12) ", participate with one or more other Farm Credit System institutions in loans made under this title or other titles of this Act on the basis prescribed in section 4.18 of this Act, and participate with lenders which are not Farm Credit System institutions in loans that the bank is authorized to make under this title";

(3) inserting after "System" in the first sentence of paragraph (14) "or any insured State nonmember bank as defined in section 2 of the Federal Deposit Insurance Act";

(4) striking out everything after the second comma in paragraph (15) and inserting in lieu thereof "and, as may be authorized by its board of directors and approved by the Farm Credit Administration, (i) sell to lenders which are not Farm Credit System institutions interests in loans, (ii) buy from and sell to Farm Credit System institutions interests in loans and in other financial assistance extended and nonvoting stock, and (iii) make other investments."; and

(5) adding new paragraphs (22) and (23) as follows:

"(22) Accept contributions to its capital from Federal land bank associations and account therefor as authorized by the Farm Credit Administration.

"(23) As may be authorized by its board of directors and approved by the Farm Credit Administration, agree with other Farm Credit System institutions to share loan and other losses, whether to protect against capital impairment or for any other purpose.".

SEC. 102. Section 1.5 of the Farm Credit Act of 1971 is amended by—

(1) striking out in subsection (b) "hypothecated" and inserting in lieu thereof "hypothecated";

(2) striking out the first sentence of subsection (d) and inserting in lieu thereof two new sentences as follows: "Nonvoting stock may be issued to the Governor of the Farm Credit Administration, to borrowers as patronage refunds, and may also be issued to Federal land bank associations in amounts that will permit the bank to extend financial assistance to eligible persons other than farmers, ranchers, and producers or harvesters of aquatic products. Nonvoting stock also may be issued to and shall be retired for other Farm Credit System institutions as may be authorized by its board of directors and approved by the Farm Credit Administration."; and

(3) adding new subsections (f) and (g) as follows:

"(f) Patronage refunds may be paid in nonvoting stock, participation certificates, allocated surplus, and other equities of the bank, or cash, or in both equities and cash, as determined by the board of the bank, to borrowers of the fiscal year for which such patronage refunds are distributed. All patronage refunds shall be paid in the proportion that the amount of interest on the loans to each borrower during the year bears to the interest on the loans of all borrowers during the year or on such other proportionate patronage basis as the Farm Credit Administration may approve.

"(g) Equities to evidence contributions to capital may be issued to Federal land bank associations when the bylaws of the bank so provide.".

SEC. 103. Section 1.6 of the Farm Credit Act of 1971 is amended to read as follows:

"SEC. 1.6. REAL ESTATE MORTGAGE LOANS.—The Federal land banks are authorized to make or participate with other lenders in long-term real estate mortgage loans in rural areas, as defined by the Farm Credit Administration, or to producers or harvesters of aquatic products, and make continuing commitments to make such loans under specified circumstances, or extend other financial assistance of a similar nature to eligible borrowers, for a term of not less than five nor more than forty years.".

SEC. 104. Section 1.7 of the Farm Credit Act of 1971 is amended by inserting before the period in the first sentence "as provided in section 4.17 of this Act".

SEC. 105. Section 1.8 of the Farm Credit Act of 1971 is amended by striking out in clause (1) "and ranchers" and inserting in lieu thereof ", ranchers, or producers or harvesters of aquatic products".

SEC. 106. Section 1.9 of the Farm Credit Act of 1971 is amended by striking out the first sentence and inserting in lieu thereof the following: "Loans originated by a Federal land bank or in which it participates with a lender which is not a Farm Credit System institution shall not exceed 85 per centum of the appraised value of the real estate security, or such greater amount, not to exceed 97 per centum of the appraised value of the real estate security, as may be authorized under regulations of the Farm Credit Administration for loans guaranteed by Federal, State, or other governmental agencies, and shall be secured by first liens on interest in real estate of such classes as may be approved by the Farm Credit Administration.".

SEC. 107. Section 1.10 of the Farm Credit Act of 1971 is amended by striking out the first sentence and inserting in lieu thereof the following: "Loans made by the Federal land banks to farmers, ranchers, and producers or harvesters of aquatic products may be for any agricultural or aquatic purpose and other credit needs of the applicant, including financing for basic processing and marketing directly related to the applicant's operations and those of other eligible farmers, ranchers, and producers or harvesters of aquatic products: *Provided,* That the applicant's operations shall supply at least 20 per centum, or such larger per centum that is required by the board of directors of the bank under regulations of the Farm Credit Administration, of the total processing or marketing for which financing is extended.".

SEC. 108. Section 1.11 of the Farm Credit Act of 1971 is amended by inserting "and aquatic" before "operations".

SEC. 109. Section 1.12 of the Farm Credit Act of 1971 is amended by striking out the designation "(a)".

SEC. 110. Section 1.15 of the Farm Credit Act of 1971 is amended by—

(1) striking out in paragraph (13) "shall";

(2) striking out in paragraph (14) "may" the second time it appears; and

(3) adding a new paragraph (21) as follows:

"(21) Contribute to the capital of the bank.".

SEC. 111. Section 1.16 of the Farm Credit Act of 1971 is amended by—

(1) striking out in the sixth sentence of subsection (a) "fair"; and

(2) adding a new subsection (c) as follows:

"(c) Notwithstanding the provisions of subsection (a) of this section, the purchase of stock need not be required with respect to that part of any loan (1) made by a Federal land bank which it sells to a lender which is not a Farm Credit System institution, or (2) that such lender retains or acquires in participating in the loan with a Federal land bank.".

SEC. 112. Section 1.17 of the Farm Credit Act of 1971 is amended by—

(1) striking out in the last sentence of subsection (a) "excess" and inserting in lieu thereof "excess"; and

(2) amending subsection (b) by inserting ", and pay patronage refunds, or do any of them, as provided in its bylaws" after "dividends", and striking out "with" and inserting in lieu thereof "the".

SEC. 113. Section 1.18(b) of the Farm Credit Act of 1971 is amended to read as follows:

"(b) Any association may declare a dividend or dividends and pay patronage refunds, or do any of them, as provided in its bylaws, out of the whole or any part of its net earnings available therefor which remain after (1) maintenance of the reserve required in subsection (a) of this section and (2) bank approval. All patronage refunds shall be paid on the proportionate patronage basis approved by the bank. Dividends shall be noncumulative, and the rate of dividends may be different between classes and issues of stock and participation certificates on the basis of the comparative contributions of the holders thereof to the capital or earnings of the Federal land bank by such classes and issues, but otherwise dividends shall be without preference.".

SEC. 114. Section 1.19 of the Farm Credit Act of 1971 is amended by adding at the end thereof a new sentence as follows: "As may be authorized by the bank in accordance with regulations of the Farm Credit Administration, associations also may enter into agreements with other Farm Credit System institutions to share loans and other losses, whether to protect against capital impairment or for any other purposes.".

SEC. 115. Section 1.20 of the Farm Credit Act of 1971 is amended by inserting after "stock" the second time it appears "or participation certificates," and inserting "or other Farm Credit System institutions" after "Administration".

The CHAIRMAN. Are there any amendments to title I?

If not, the Clerk will designate title II.

Title II reads as follows:

TITLE II—FEDERAL INTERMEDIATE CREDIT BANKS AND PRODUCTION CREDIT ASSOCIATIONS

SEC. 201. Section 2.1 of the Farm Credit Act of 1971 is amended by—

(1) inserting after "System" in the first sentence of paragraph (12) "or any insured State nonmember bank as defined in section 2 of the Federal Deposit Insurance Act";

(2) striking out in paragraph (13) every-

thing after "agency" the second time it appears and inserting in lieu thereof ", and, as may be authorized by its board of directors and approved by the Farm Credit Administration, (i) buy from and sell to Farm Credit System institutions interests in loans and in other financial assistance extended and nonvoting stock, and (ii) make other investments.";

(3) amending paragraph (18) to read as follows:

"(18) As may be authorized by its board of directors and approved by the Farm Credit Administration, agree with other Farm Credit System institutions to share loan or other losses, whether to protect against capital impairment or for any other purposes,"; and

(4) inserting before the period at the end of paragraph (20) ", and participate with one or more other Farm Credit System institutions in loans made under this title or other titles of this Act on the basis prescribed in section 4.18 of this Act.".

SEC. 202. Section 2.2 of the Farm Credit Act of 1971 is amended by—

(1) inserting before the period at the end of the first sentence of subsection (d) ", and may be issued to and, notwithstanding the provisions of subsection (g) of this section, shall be retired for other Farm Credit System institutions as may be authorized by its board of directors and approved by the Farm Credit Administration";

(2) striking out in the second and fourth paragraphs of subsection (g) "fair";

(3) striking out everything through "Governor" in subsection (h) and inserting in lieu thereof "Except with regard to stock or participation certificates held by the Governor or other Farm Credit System institutions"; and

(4) striking out in subsection (i) "fair".

SEC. 203. Section 2.3 of the Farm Credit Act of 1971 is amended to read as follows:

"SEC. 2.3. LOANS; DISCOUNTS; PARTICIPATION; LEASING.—(a) The Federal intermediate credit banks are authorized to make loans and extend other similar financial assistance to, and to discount for or purchase from—

"(1) any production credit association, or

"(2) any national bank, State bank, trust company, agricultural credit corporation, incorporated livestock loan company, savings institution, credit union, or any association of agricultural producers engaged in the making of loans to farmers and ranchers, and any corporation engaged in the making of loans to producers or harvesters of aquatic products,

any note, draft, or other obligation with its endorsement or guarantee, the proceeds of which note, draft, or other obligation have been advanced to persons and for purposes eligible for financing by production credit associations under section 2.15(a)(1), (2), and (3) of this Act.

"(b) The Federal intermediate credit banks may participate with one or more production credit associations or intermediate credit banks in the making of loans to eligible borrowers and may participate with one or more other Farm Credit System institutions in loans made under this title or other titles of this Act on the basis prescribed in section 4.18 of this Act. The banks may own and lease or lease with option to purchase to persons eligible for assistance under this subchapter, equipment needed in the operations of such persons.

"(c) No paper shall be purchased from or discounted for, and no loans shall be made or other similar financial assistance extended by a Federal intermediate credit bank to any entity identified in subsection (a)(1) and (2) of this section if the amount of such paper added to the aggregate liabilities of such entity, whether direct or contingent (other than bona fide deposit liabilities), exceeds ten times the paid-in and unimpaired capital and surplus of such entity or (in the case of financing institutions under subsection (a)(2) of this section) the amount of such liabilities permitted under the laws of the jurisdiction creating such institution, whichever is the lesser. It shall be unlawful for any national bank which is indebted to any Federal intermediate credit bank, upon paper discounted or purchased under subsection (a) of this section, to incur any additional indebtedness, if by virtue of such additional indebtedness its aggregate liabilities direct or contingent, will exceed the limitation herein contained.

"(d) All of the laws, financial assistance, discounts, and purchases authorized by this section shall be subject to regulations of the Farm Credit Administration and shall be secured by collateral, if any, as may be required in such regulations. The regulations shall assure that such loans, financial assistance, discounts, and purchases are available on a reasonable basis to any financing institution authorized to receive such services under subsection (a)(2) of this section that (i) is significantly involved in lending for agricultural or aquatic purposes, (ii) demonstrates a continuing need for supplementary sources of funds to meet the credit requirements of its agricultural or aquatic borrowers, (iii) has limited access to national or regional capital markets, and (iv) does not use such services to expand its financing activities to persons and for purposes other than those authorized in section 2.15(a)(1), (2), and (3) of this Act. The regulations may authorize a Federal intermediate credit bank to charge reasonable fees for any commitment to extend service under this section to such a financing institution. For purposes of this subsection, a financing institution together with its subsidiaries and affiliates may be considered as one but such determination to consider such institution together with its subsidiaries and affiliates as one shall be made in the first instance by the bank and in the event of a denial by the bank of its services to a financial institution, thereafter by the Farm Credit Administration on a case-by-case basis with due regard to the total relationship of the financing institution, its subsidiaries, and affiliates.

"(e) Nothing in this section shall require termination of discount relationships in existence on the effective date of the Farm Credit Act Amendments of 1980.".

SEC. 204. Section 2.4 of the Farm Credit Act of 1971 is amended by striking out the first sentence and inserting in lieu thereof the following: "Loans, advances, or discounts made under section 2.3 of this Act shall be repayable in not more than seven years (fifteen years if made to producers or harvesters of aquatic products) from the time they are made or discounted by the Federal intermediate credit bank, except that the district farm credit board, under regulations of the Farm Credit Administration, may approve policies permitting loans, advances, or discounts (other than those made to producers or harvesters of aquatic products) to be repayable in not more than ten years from the time they are made or discounted by such bank. Loans, advances, and discounts shall bear such rate or rates of interest or discount as the board of directors of the bank shall from time to time determine with the approval of the Farm Credit Administration as provided in section 4.17 of this Act, but the rates charged financing institutions shall be the same as those charged production credit associations.".

SEC. 205. Section 2.5 of the Farm Credit Act of 1971 is amended by inserting "and aquatic" after "on-farm".

SEC. 206. Section 2.6(c) of the Farm Credit Act of 1971 is amended by striking out "of less than 25 per centum" in the second sentence.

SEC. 207. Section 2.10 of the Farm Credit Act of 1971 is amended by striking out the comma after "States" in the first sentence and inserting in lieu thereof a period.

SEC. 208. Section 2.12 of the Farm Credit Act of 1971 is amended by—

(1) inserting before the period at the end of paragraph (11) "and buy from and sell to such banks interests in loans and in other financial assistance extended and nonvoting stock, as may be authorized by the Federal intermediate credit bank in accordance with regulations of the Farm Credit Administration.

(2) inserting before the period at the end of paragraph (13) "and when authorized by the bank participate with one or more other Farm Credit System institutions in loans made under this title or other titles of this Act on the basis prescribed in section 4.18 of this Act"; and

(3) amending paragraph (15) to read as follows:

"(15) As may be authorized by the Federal intermediate credit bank in accordance with regulations of the Farm Credit Administration, agree with other Farm Credit System institutions to share loan or other losses, whether to protect against capital impairment or for any other purpose.".

SEC. 209. Section 2.13 of the Farm Credit Act of 1971 is amended by—

(1) inserting before the period at the end of subsection (e) "or in lieu of nonvoting stock";

(2) striking out in the first sentence of subsection (f) "fair";

(3) amending the last sentence of subsection (f) to read as follows: "Notwithstanding any other provisions of this section, for a loan in which an association participates with a commercial bank or other financial institution other than a Farm Credit System institution, nonvoting stock or participation certificates may be issued to the commercial bank or other financial institution in satisfaction of the requirement that the borrower own stock or participation certificates, which requirement shall apply only to the portion of the loan which is retained by the association.";

(4) striking out in the first sentence in subsection (g) "fair";

(5) striking out everything through "Governor" in subsection (j) and inserting in lieu thereof "Except with regard to stock or participation certificates held by the Governor or other Farm Credit System institutions"; and

(6) striking out in subsection (k) "fair".

SEC. 210. Section 2.15 of the Farm Credit Act of 1971 is amended by—

(1) amending clause (1) in the first sentence of subsection (a) to read as follows: "(1) bona fide farmers and ranchers and the producers or harvesters of aquatic products, for agricultural or aquatic purposes and other requirements of such borrowers, including financing for basic processing and marketing directly related to the borrower's operations and those of other eligible farmers, ranchers, and producers or harvesters of aquatic products: *Provided*, That the borrower's operations shall supply at least 20 per centum, or such larger per centum that is required by the supervising bank under regulations of the Farm Credit Administration, of the total processing or marketing for which financing is extended,"; and

(2) inserting in subsection (b) after "Administration" in the first sentence "as provided in section 4.17 of this Act".

SEC. 211. Section 2.16 of the Farm Credit Act of 1971 is amended by inserting "and aquatic" after "on-farm".

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS: Page 13, strike line 3 and all that follows through

line 8 on page 14, and insert in lieu thereof the following:

"(d) All of the loans, financial assistance, discounts, and purchases authorized by this section shall be subject to regulations of the Farm Credit Administration and shall be secured by collateral, if any, as may be required in such regulations. The regulations may authorize a Federal intermediate credit bank to charge reasonable fees for any commitment to extend service under this section to any financing institution authorized to receive services under subsection (a) (2).".

Mr. JEFFORDS. Mr. Chairman, first of all I would like to again say, as I said before, that I am in favor of this bill. I want to again commend the chairman and ranking member for an excellent job in producing a fine bill with one exception. That is with section 203 of the bill we have gone into an area where we really do not need to go. If we accept the criteria in section 203 of the bill it may cause some problems in the future.

What my amendment does is to leave the law where it is with respect to access to the discount window for banks. There is broad authority in existing law for that purpose now.

I would just point out that of all of the field hearings that this subcommittee held throughout the country, not once was a problem raised in this area. No one raised any problems; no one suggested touching this section. However, the bill which came in does provide for some changes.

The matter we are concerned about, and there is no disagreement on it, is that banks and especially the small banks in our small farm communities should have more access to the discount window, especially in emergency times when credit is short and when the agricultural community needs funds. No one will disagree that farmers should have access to money markets when funds are limited. I want my small banks to have more access, especially in times of emergency so that credit can be available to our farm community.

But how do we take care of that problem, if there is one, and we are not even sure there is one; how do we take care of it?

I say the best way to take care of it is as we have done really already, and that is through oversight, not by putting vague criteria in a bill. The administrators of the FCA agree with what ought to be done.

They say there ought to be more access and they agree there ought to be changes in the regulations to provide more access. So I say why bother with the statute? Why create problems which changes in this statute creates?

What are the problems that it may create? What we have here in section 203 is the issuing of certain specific criteria which will have to be used with supposedly the purpose of providing more access to agricultural banks. I want to point out that even with the present Governor of the Farm Credit Administration, an administrator who believes we ought to be giving more access to agriculture banks; he interprets changes in section 203 to mean that access should be restricted. He came out with criteria which would have eliminated over 80 percent of the over 14,000 banks that could now have access to the discount window. In my State, out of 24 banks which lend to agriculture only 1 Vermont bank would have access to the discount window.

There is now flexibility in the law. If we change the law we limit this flexibility. Let me just read one of the specific criteria which, if I as a member of the Farm Credit Administration had to work regulations, I could use this bill to preclude access to banks. Let me read my colleagues this criteria.

The criteria reads:

Does not use such services to expand its financing activities to persons and for purposes other than those authorized in the specific sections.

If I want, I can develop regulations under this criteria that a bank would have to demonstrate that not a single dollar was replaced and that they never loaned anything. The only way to ever prove this is if a bank did not have any money to lend out and if they never received any funds. The criteria just add complications to a situation where no problems exist.

It is a basic presumption, I think, in this body that if we do not have a problem, do not fix it. This is a situation we find at the present time.

I would point out the other body went through the discount provision and agreed. They said why have this section. What does it do. All it does is possibly create problems.

Basically the situation is that: there is broad authority within the law to pass whatever regulations are necessary to increase the access of small agricultural banks to the discount window. That authority is there. It can be used and the present administrators say they are going to use it to cure whatever problem it is that is perceived.

Why then do we create potential problems by establishing criteria which may be used to turn right around and undo what we have been trying to do here? It is as simple as that. We have no problem. No one has raised a problem. But we may have problems if we do not pass this amendment.

Mr. STANTON. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I am happy to yield to my friend.

Mr. STANTON. Mr. Chairman, first let me say that like the gentleman in the well, I, too, support this legislation. But, at the same time, I want to compliment the gentleman for his amendment, a very important amendment.

The way I understand it, and I hope the gentleman will correct me if I am wrong the gentleman's amendment would strike that part of section 203 which would be really a limitation on the use of farm credit to other financial institutions. Am I correct on that?

The CHAIRMAN. The time of the gentleman from Vermont has expired.

(At the request of Mr. STANTON and by unanimous consent, Mr. JEFFORDS was allowed to proceed for 3 additional minutes.)

Mr. JEFFORDS. The gentleman is correct. Yes.

Mr. STANTON. The first logical question a person would ask: Have there been any abuses that the gentleman knows of at the present time under the present system the way it operates?

Mr. JEFFORDS. As I pointed out, in all the hearings that were held around this country not one issue was raised with respect to access to the discount window. There is not one abuse that I know of. There has been some concern expressed by some that would like to have access loosened up. But there is no problem with the statute, as I pointed out previously.

Mr. STANTON. I wonder if the gentleman would tell me, I come from a very good farm area, but not one that borrows too much from the farm credit system. However, it is just commonsense that what we should do at the present time is not put the restrictions or limitations on a product which we sincerely hope is going to do a great deal toward helping our balance-of-payments question. Am I wrong on that?

□ 1540

Mr. JEFFORDS. I think the gentleman is not wrong. One of the problems you get into with the kind of specific criteria which are asked for in section 203 of the bill is that our communities are changing. The dimensions of communities are changing, at least in my State. We have a significant agricultural sector but we have a lot of other things going on. If you put the criteria in section 203 that is being discussed here, then, if there is a real crisis in agriculture, farmers in these changing communities may have a limited access to funds in the private commercial sector.

Mr. STANTON. I appreciate the gentleman's answers.

Mr. Chairman, for those reasons I rise in strong support of the gentleman's amendment and hope sincerely that it is adopted.

Mr. BEDELL. I rise in opposition to the amendment, Mr. Chairman.

I would like to engage the author of the amendment in colloquy if I could. I have just been on the telephone with Mr. Wilkinson who is, as the gentleman knows, the Governor of the Farm Credit Administration. In my talk with him I asked him several questions. I think everybody is trying to do the same thing. I believe what we are trying to do is see that there are loans available to those small banks to lend for agricultural purposes. That is the purpose of the gentleman's amendment; is it not?

Mr. JEFFORDS. That is correct.

Mr. BEDELL. Yes. I would point out to the gentleman that the quotation that he has referred to here in regard to restriction is not a restriction in any sense of the word. What it is is that at this time in lending there are no guarantees that any bank can borrow from the farm credit system, and this legislation says that those small banks who meet these specific criteria will be authorized to borrow from the farm credit system. With-

out this in the bill as it is now, there is no guarantee that any bank can borrow from that system. This bill does not in any way say that the banks who do not meet these criteria cannot borrow; it says that those who do meet the criteria are guaranteed that they can. It seems to me that what the gentleman is trying to do is done better by what is in the bill than if we do not have this in the bill. Does the gentleman have any disagreement with that in any way?

Mr. JEFFORDS. Yes, I do.

Mr. BEDELL. Would the gentleman explain it to us, because since we are trying to do the same thing, I think we ought to know how it is we best do it.

Mr. JEFFORDS. First, I would point out that the authority to do what Mr. Wilkinson desires to do is in the statute now. He can do that. There is no problem. There is no prohibition against doing that.

Mr. BEDELL. That is right.

Mr. JEFFORDS. If he desires to open up access, he can open up access.

Mr. BEDELL. But he is not required to.

Mr. JEFFORDS. Let me put it this way: It would be an affront to the purposes of the intent of the statute, which urges and authorizes him to open the discount window, not to do it in some form or manner. The question is how far you go.

Mr. BEDELL. All right, but he is not required to do anything specifically in the present statute.

Mr. JEFFORDS. That is correct.

Mr. BEDELL. This bill says he has to do it.

Mr. JEFFORDS. No, it does not. My point is that you can use these words in this statute which we are proposing in this bill to end defending a regulator from making things more restrictive than anyone would dream of. For instance, I could write regulations around these criteria which I have indicated which would make it impossible for any bank to lend money for agriculture, except under the weirdest circumstances.

Mr. BEDELL. But you can do that under present law.

Mr. JEFFORDS. Yes you can, but my point is what have you done? Why create problems? Why issue new criteria to give a defense for what you are doing, and why not do it with oversight, or change the criteria, if you want to do that? Right now, as I see it, we have no problem. We have an agency that wants to issue regulations to provide for more access. We have oversight in the subcommittee which says we should issue more regulations for access to private commercial banks. Let them issue the regulations. Let us have oversight, but let us not put inflexibility in the statute, because, then we would have to come back and change the statute. If there is a requirement for funds in the agricultural sector, the Farm Credit Administration has emergency authority in regulations to do all of those things needed to provide funds to private commercial banks. Why tie their hands?

Mr. BEDELL. The point is I think we ought to tie their hands and tell them they have to make these loans to little banks, and that is what we have done in this section that the gentleman's amendment would delete. Maybe the gentleman has more confidence in the regulating agencies than I do. I think if we want the little banks to be able to borrow, we had better legislate that they have to be able to do so.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Kansas.

Mr. GLICKMAN. I thank the gentleman for yielding. I think the issue in this is whether we want to give the farm credit system unbridled regulatory discretion as to what kind of banks, and what kind of farmer, and what kind of agricultural institution should participate through the discount window, or whether we in the Congress want to put some general peripheral guidelines around the kinds of opportunity to participate. As I remember the discussions during the committee hearings, we on the committee had some concern about where the farm credit system was going in the regulations, and they were going in the area that appeared to us to be outside the intent of the Congress in terms of the size of the institutions that were participating, in terms of the types of the institutions that were participating, and all this does is to kind of set some guidelines. It does not bind the farm credit system dramatically, but it does limit them to the extent that if they provided this opportunity to a bank like the Bank of America, obviously I think that would violate the guidelines.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. BEDELL was allowed to proceed for 4 additional minutes.)

Mr. BEDELL. If the gentleman will yield further, it in no way restricts them from that type of loan any more than it would if we deleted this section. What it does do is assure them that such loans are available on a reasonable basis to those small banks. That is all it does. It does not tell them they cannot make the bigger loans—and I particularly asked Mr. Wilkinson that in my telephone conversation just a minute ago, and he confirmed what I understood we had in our testimony in the committee, which was that this in no way restricts them from making any loans that they otherwise were willing to make, but it does tell them that they have to make these loans to the small banks that meet these criteria.

Mr. GLICKMAN. Mr. Chairman, will my colleague yield?

Mr. BEDELL. I yield to the gentleman from Kansas.

Mr. GLICKMAN. I agree with my colleague. I did not mean to make the representation that they could not make loans to bigger banks. I am just saying we have four criteria in this language, and one of the criteria is it has limited access to national/regional capital markets which gives them a great deal of discretion. I am not sure the gentleman from Vermont (Mr. JEFFORDS) and the gentleman from Iowa (Mr. BEDELL) are really arguing significantly differently on the merits of the issue.

Mr. BEDELL. We both agree on the issue.

Mr. GLICKMAN. I just believe the language contained in the bill gives the farm credit system more discretion and also lets them know that Congress has specifically put in statutory form our intent.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Illinois.

Mr. MADIGAN. I thank the gentleman for yielding. I have to point out to the gentleman from Kansas (Mr. GLICKMAN) the bill does not give them more discretion; it gives them less discretion.

I would ask the gentleman from Iowa (Mr. BEDELL) if he would agree with this statement. If we were to adopt the amendment of the gentleman from Vermont (Mr. JEFFORDS) striking out the particular provision that is offensive to him, is it not true that the Farm Credit Administration next month or 6 months from now can by regulation do exactly what we propose to have them do in this language that the gentleman from Vermont (Mr. JEFFORDS) wants to strike?

Mr. BEDELL. They could do that, or they might not do that.

Mr. MADIGAN. But the fact of the matter is if they could do it or could not do it, they would have leeway then; but if we put it in this bill, they do not have leeway. So we are not giving them more flexibility; we are giving them less flexibility because they asked for that. If the gentleman will allow me to continue—and I will be glad to get him additional time—because they ask for us to in effect give them less flexibility, what they are really doing, and I have been contending this in private conservations throughout the consideration of this bill, is asking us to set up a wall behind which they are going to hide. They are simply going to be able to say to people, "gee, we cannot do this because Congress restricted us from doing this." That is what is going on here, in the opinion of this gentleman from Illinois, and I do not think that the Jeffords amendment does anything damaging to this bill at all, because if they really want to be restrictive in that way, they would still have the authority to be restrictive in that way regardless of whether or not we have adopted this amendment. So I do not think we are doing any damage to the Farm Credit Administration at all if we adopt the amendment. I did not think we did when we were in the full committee. I voted for the bill without the adoption of the amendment, and I will do that again here on the floor of the House. I am a supporter of the bill, and I think the bill is very important, but I think the Jeffords amendment puts it back to where they were before, making them responsible to set up this guideline themselves rather than hiding behind us as having set it up for them.

I thank the gentleman.

Mr. BEDELL. If I could answer the gentleman, I hope everybody does un-

derstand that the restriction that this requires of them is that it requires them to make loans to small banks.

□ 1550

It in no way tells them they are not supposed to make any loans. The only thing this does is, it requires them that they have to make loans to the banks that meet this specific requirement.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

(By unanimous consent, Mr. BEDELL was allowed to proceed for 2 additional minutes.)

Mr. BEDELL. If there is anybody who questions that statement, I think we should get it out, because it is a very important issue in regard to this debate.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield again?

Mr. BEDELL. I would be glad to yield.

Mr. MADIGAN. I thank the gentleman for his courtesy in yielding, and I know he is a very sensitive and alert legislator. And because he is so sensitive and alert, I am sure he is aware of what is going on on the floor here today and what is going to go on the floor today ad infinitum unless we do something to address this continuing objection. I think this continuing objection is well addressed and this bill would move very expeditiously with the adoption of the Jeffords amendment.

Mr. JONES of Tennessee. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have listened with a lot of interest to what the gentleman from Vermont (Mr. JEFFORDS) had to say. I normally agree with him in most of the agricultural legislation that we have had before our committee. But I would like to make this point clear to the Members of the body here today: In this provision that we are considering here today, we are doing something that has not been done through the years. We are forcing the Farm Credit Administration to make possible the lending of money to these small institutions that they have been overlooking. Only limited use has been made of the provision that has been in the bill for some time, and for that reason there is no doubt in my mind, or in the mind of any other member of the subcommittee, that we must maintain our position as far as this part of the bill is concerned. I think that we would be making a mistake indeed if we did not stand with the committee as it reported the bill.

The gentleman from Vermont (Mr. JEFFORDS) offered a similar amendment in the subcommittee. If I remember correctly, the vote was 4 "for" and 10 "against."

I would like to ask the gentleman from Vermont if that is not a fact, that the amendment that he offered there is very similar to this one.

Mr. JEFFORDS. If the gentleman will yield, the gentleman is correct. Although I would say that the support for my amendment has grown dramatically since that time it was discussed in committee.

I only point out, in response—as has been pointed out by the gentleman from Iowa—that I think we all have the same goal in mind, but, as pointed out by the gentleman from Illinois, the present bill may turn right around and hit us from the backside because we have words in section 203 that can be easily used to provide a wall of protection by the FCA if they decide to be more restrictive. I pointed out one criterion. Let me point out another criterion: "It demonstrates a continuing need for supplementary sources of funds to meet the credit requirements of agriculture."

What does that mean, continuing need? You can turn that right around and say that you have to demonstrate on a continuing basis over 10 years that you are short of funds. Thus the effect could be just the opposite of what we intended to do. And then they can say, "All we are doing is what Congress told us to do." That is what I am afraid of. We all have the same goal in mind. I am afraid we are defeating our purposes by attempting to do something which can be done more by oversight.

Mr. JONES of Tennessee. If the gentleman will allow me to reclaim my time, I would just like to say to the committee that I strongly urge my colleagues to oppose the amendment that is offered by my good friend, the gentleman from Vermont, Mr. JIM JEFFORDS, and to support the bill as reported by the Committee on Agriculture.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont (Mr. JEFFORDS).

The question was taken; and the chairman being in doubt, the committee divided, and there were—ayes 14, noes 8.

So the amendment was agreed to.

The CHAIRMAN. Are there further amendments to title II? If not, the Clerk will designate title III.

Title III reads as follows:

TITLE III—BANKS FOR COOPERATIVES

SEC. 301. Section 3.1 of the Farm Credit Act of 1971 is amended by—

(1) inserting before the period at the end of paragraph (11) ", and participate with one or more other Farm Credit System institutions in loans made under this title or other titles of this Act on the basis prescribed in section 4.18 of this Act";

(2) inserting after "System" in the first sentence in paragraph (12) "or any insured State nonmember bank as defined in section 2 of the Federal Deposit Insurance Act or, to the extent necessary to facilitate transactions which may be financed under section 3.7(b) of this Act, any other financial organization, domestic or foreign, as may be authorized by its board of directors and approved by the Farm Credit Administration";

(3) amending paragraph (13) by:

(a) inserting immediately after "(13)" the designation "(A)";

(b) inserting after subparagraph (A) the following new subparagraphs (B) and (C):

"(B) As may be authorized by its board of directors and approved by the Farm Credit Administration, buy from and sell to Farm Credit System institutions interests in loans and in other financial assistance extended and nonvoting stock.

"(C) As may be authorized by its board of directors and approved by the Farm Credit Administration, and solely for the purposes of obtaining credit information and other services needed to facilitate transactions which may be financed under section 3.7(b) of this Act, invest in ownership interests in foreign business entities that are principally engaged in providing credit information to and performing such servicing functions for their members in connection with the members' international activities."; and

(4) adding new paragraphs (18) and (19) as follows:

"(18) As may be authorized by the board of directors and approved by the Farm Credit Administration, maintain credit balances and pay or receive fees or interest thereon, for the purpose of assisting in the transfer of funds to or from parties to transactions that may be financed under section 3.7(b) of this Act: *Provided, however,* That nothing herein shall authorize the banks for cooperatives to engage in the business of accepting domestic deposits.

"(19) As may be authorized by its board of directors and approved by the Farm Credit Administration, agree with other Farm Credit System institutions to share loan or other losses, whether to protect against capital impairment or for any other purpose.".

SEC. 302. Section 3.3 of the Farm Credit Act of 1971 is amended by adding a new subsection (f) as follows:

"(f) Participation certificates may be issued to parties to whom voting stock may not be issued.".

SEC. 303. Section 3.5 of the Farm Credit Act of 1971 is amended by—

(1) striking out the first three sentences and inserting in lieu thereof three new sentences as follows: "Any nonvoting stock held by the Governor of the Farm Credit Administration shall be retired to the extent required by section 4.0(b) of this Act before any other outstanding voting or nonvoting stock or participation certificates shall be retired except as may be otherwise authorized by the Farm Credit Administration. When those requirements have been satisfied, nonvoting investment stock and participation certificates may be called for retirement at par. With the approval of the issuing bank, the holder may elect not to have the called stock or participation certificates retired in response to a call, reserving the right to have such stock or participation certificates included in the next call for retirement."; and

(2) striking out in the fourth sentence "fair book value not exceeding".

SEC. 304. Section 3.7 of the Farm Credit Act of 1971 is amended by—

(1) adding the designation "(a)" before the text, and inserting before "collateral custody" in the first sentence, "currency exchange necessary to service individual transactions that may be financed under subsection (b) of this section,", and inserting before the period at the end of the third sentence "and may make or participate in loans or commitments and extend other technical and financial assistance to other domestic parties for the acquisition of equipment and facilities to be leased to such stockholders for use in their operations in the United States"; and

(2) adding new subsections (b), (c), (d), and (e) as follows:

"(b) A bank for cooperatives is authorized to make or participate in loans and commitments to, and to extend other technical and financial assistance to (1) a domestic or foreign party with respect to its transactions with an association that is a voting stockholder of the bank for the export or import of agricultural commodities, farm supplies, or aquatic products through purchases, sales or exchanges, and (2) a domestic or foreign party in which such an association has at least the minimum ownership interest approved under regulations of the Farm Credit Administration for the purpose of facilitating the association's export or import operations of the type described in clause (1) of this subsection: *Provided,* That a bank for cooperatives determines, under reg-

ulations of the Farm Credit Administration, that the voting stockholder will benefit substantially as a result of such loan, commitment, or assistance.

"(c) Loans, commitments, and assistance authorized by subsection (b) of this section shall be extended in accordance with policies adopted by the board of directors of the bank under regulations of the Farm Credit Administration.

"(d) The regulations of the Farm Credit Administration implementing subsection (b) of this section and the other provisions of this title relating to the authority under subsection (b) of this section may not confer upon the banks for cooperatives powers and authorities greater than those specified in this title. The Farm Credit Administration shall, during the formulation of such regulations, closely consult on a continuing basis with the Board of Governors of the Federal Reserve System to ensure that such regulations conform to national banking policies, objectives, and limitations.

"(e) Notwithstanding any other provision of this title, the banks for cooperatives shall not make or participate in loans or commitments for the purpose of financing speculative futures transactions by eligible borrowers in foreign currencies.".

SEC. 305. Section 3.8 of the Farm Credit Act of 1971 is amended by—

(1) in the first paragraph striking out the second comma and inserting "or aquatic" before "business";

(2) striking out in subsection (c) "or farm business services" and inserting in lieu thereof "farm or aquatic business services, or services to eligible cooperatives" and

(3) amending subsection (d) to read as follows:

"(d) A percentage of the voting control of the association not less than 80 per centum (60 per centum (1) in the case of rural electric, telephone, public utility, and service cooperatives; (2) in the case of local farm supply cooperatives that have historically served needs of the community that would not adequately be served by other suppliers and have experienced a reduction in the percentage of farmer membership due to changed circumstances beyond their control such as, but not limited to, urbanization of the community; and (3) in the case of local farm supply cooperatives that provide or will provide needed services to a community and that are or will be in competition with a cooperative specified in paragraph (2)) or, with respect to any type of association or cooperative, such higher percentage as established by the district board, is held by farmers, producers or harvesters of aquatic products, or eligible cooperative associations as defined herein;".

SEC. 306. Section 3.9(a) of the Farm Credit Act of 1971 is amended by striking out the first sentence and inserting in lieu thereof a new sentence as follows: "Each borrower entitled to hold voting stock shall, at the time a loan is made by a bank for cooperatives, own at least one share of voting stock and shall be required by the bank with the approval of the Farm Credit Administration to invest in additional voting stock or nonvoting investment stock at that time, or from time to time, as the lending bank may determine, but the requirement for investment in stock at the time the loan is closed shall not exceed an amount equal to 10 per centum of the face amount of the loan.".

SEC. 307. Section 3.10 of the Farm Credit Act of 1971 is amended by—

(1) inserting before the period in the first sentence of subsection (a) "as provided in section 4.17 of this Act", and

(2) striking out in the first sentence of subsection (d) "book" and inserting in lieu thereof "market" and adding a new sentence as follows: "In no event shall the bank's equities be retired or canceled if the retirement or cancellation would adversely affect the bank's capital structure, as determined by the Farm Credit Administration.".

SEC. 308. Section 3.11 of the Farm Credit Act of 1971 is amended by—

(1) striking out in the second sentence of subsection (b) "of less than 25 per centum" and "of not to exceed such per centum of net savings"; and

(2) striking out the first sentence of subsection (c) and inserting in lieu thereof a new sentence as follows: "The net savings of each district bank for cooperatives, after the earnings for the fiscal year have been applied in accordance with subsection (a) or (b) of this section, whichever is applicable, shall be paid in stock, participation certificates, or cash, or in any of them, as determined by its board, as patronage refunds to borrowers to whom such refunds are payable who are borrowers of the fiscal year for which such patronage refunds are distributed.".

The CHAIRMAN. Are there any amendments to title III?

AMENDMENT OFFERED BY MRS. HECKLER

Mrs. HECKLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. HECKLER: Page 18, beginning on line 14, strike out "or" and all that follows through "Administration" on line 18.

Page 18, line 24, strike out "subparagraphs (B) and (C):" and inserting in lieu thereof "subparagraph (B):".

Page 19, strike out line 5 and all that follows through line 14 and insert in lieu thereof "stock; and".

Page 19, line 15, strike out "paragraphs (18) and (19)" and insert in lieu thereof "paragraph (18)".

Page 19, strike out line 17 and all that follows through line 24.

Page 20, line 1, strike out "(19)" and insert in lieu thereof "(18)".

Page 21, strike out line 7 and all that follows through line 1 on page 23 and insert in lieu thereof the following:

(1) striking out "The" and inserting in lieu thereof "(a) The"; and

(2) adding a new subsection (b) as follows:

"(b) Notwithstanding any other provision of this title,

Page 34, strike out line 24 and insert in lieu thereof "subsection (b):".

Page 35, strike out line 22 and all that follows through line 18 on page 37 and insert in lieu thereof "the thirty-day period.".

The CHAIRMAN. The Chair will advise the gentlewoman from Massachusetts that part of her amendment goes beyond title III, the pending title of the bill.

Mrs. HECKLER. Mr. Chairman, I ask unanimous consent that, notwithstanding the fact that part of the amendment goes beyond title III, it be considered at this point.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. HECKLER. Mr. Chairman, I believe that this issue of adequate credit for farmers is legitimately addressed by many sections of this bill, and it is a subject that has my strong support and my sympathy.

The question in the area in which I propose the amendment for deletion relates not to farmer credit. The issue is not farmer credit for export financing. There is no question but there has been sufficient credit to export our agricultural commodities. Credit has never been denied. We have continued to maximize and capitalize on every available credit opportunity.

The real issue in title III and the other sections affected by this new grant of power to the FCS is the question of the export financing capacity which it envisions and which it encompasses. Under this bill, and especially under title III, the farm credit system would have authority to finance nonagricultural pursuits without strong outside supervision. It would not subject their financing arrangements to the same rules of the game which are those which must be observed by the private banking sector. This would mean that the money would be available without any holds barred, and the financing could go so far as to finance the cotton export, and the financing of a designer blue-jean factory is conceivable but a far-fetched, perhaps, example. This is directly available under the powers of the bill because the language of the financing provisions of this bill is so broad that the interpretation is simply without limitation whatsoever.

The bill itself in this provision will not enhance credit capability for American farmers. Therefore, it is not needed as a part of the bill itself. And, in fact, when the Agriculture Committee considered the bill, I do not believe sufficient consideration was given to the impact on monetary policy which this particular section would include and involve. It has not considered the impact on the capital market on consumer prices or inflation.

Presently the farm credit system has $5.2 billion in agricultural debt outstanding. This could be increased incredibly with the addition of an unlimited ability to finance export businesses.

□ 1600

No estimates have been made of how many billions would be switched from the housing industry, from State and local government projects, and from the rest of the Federal bond market. Because this impact could be so great across the board, it would fly in the face of the regulatory reform we have placed upon all other credit-granting institutions, all of the banks under the Federal Reserve System. I do not feel that creating preferential treatment for the farm credit system and banks for cooperatives is justified.

Certainly, if we have a standard on export financing, it should be the same standards for the farm credit system as for export financing under our commercial banks. On the whole, it seems to me that there are no circumstances which exist which would justify this radical expansion of international financing powers by the banks for cooperatives under the farm credit system, and consequently I believe that, given the record of the private sector and the potential impact that could be very negative on the needs of the agricultural community itself, the impact on the consumer, and the impact on inflation, I believe that the authority sought in H.R. 7548 is unnecessary and is a discriminatory reach

into international banking that is not warranted.

Mr. GLICKMAN. Mr. Chairman, will the gentlewoman yield?

Mrs. HECKLER. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Chairman, I disagree with the gentlewoman because I think this would enhance the ability to sell farm commodities abroad, and help our balance of payments. The gentlewoman keeps talking about the negative impact on the agricultural community. I cannot for the life of me find out what the negative impact would be for a grain farmer, for a livestock producer, if these provisions stay within the bill. It would seem that the impact would be astronomically positive because they would have an additional way to get their products overseas.

Mrs. HECKLER. I might say that the negative impact comes in the inevitable dilution of funding that would be available to the actual agricultural producer. Under the current language of the bill, which provides for the funding for the export or import of agricultural commodities, the process of refining the commodity such as taking the cotton from a cotton mill and refining it into blue jeans, would also make the refiner, the blue jean manufacturer, the exporter, the middleman, and so forth, and indeed foreign corporations, eligible for financing. That is not serving the American farmer.

The CHAIRMAN. The time of the gentlewoman from Massachusetts has expired.

(At the request of Mr. GREEN and by unanimous consent, Mrs. HECKLER was allowed to proceed for 5 additional minutes.)

Mr. GREEN. Mr. Chairman, will the gentlewoman yield?

Mrs. HECKLER. I will be happy to yield to the gentleman from New York.

Mr. GREEN. Mr. Chairman, I want to commend the gentlewoman for raising this issue both now and in the general debate, because I think it is a most important one. I should point out to the committee that the gentlewoman, in addition to her present service on the Agriculture Committee, has in the past served on the Banking Committee, so that she knows whereof she speaks on banking matters as well as agricultural matters.

I would simply like to make the point that we have had to learn very painfully in this Congress that credit is not infinite, and when you have borrowing assisted by law for one purpose, you are in essence crowding the market in terms of borrowing for other purposes. I think that the language in the bill which the gentlewoman proposes to delete by her amendment may be a very radical change, or potentially a very radical change in credit arrangements in this country.

As a member myself of the Banking Committee, I am very concerned that our committee has not had an opportunity to hold hearings on this legislation and what the impacts would be on the Nation's banking system. I would simply urge my colleagues to vote for the gentlewoman's amendment at this time so that this matter can be explored not only in terms of the very real issues which the gentlewoman raises as to its impact on agriculture, but indeed in terms of the impact on our credit markets as a whole.

If that further exploration should show that that impact would not be significant, then perhaps we could return to this next year, but I feel that the gentlewoman is raising a very important issue, and I would urge the House to exercise some caution and vote for the gentlewoman's amendment.

Mrs. HECKLER. I thank the gentleman from New York for his kind remarks. I would like to say that I share his sentiments. I would not be opposed to the consideration of the grant export authority which was fully debated, and fully analyzed by not only the Agriculture Committee but the Banking Committee as well. I am concerned about the crowding out of the markets for the funding of other projects. I am concerned about the impact for the agricultural producer, who is not necessarily the main beneficiary here. I am concerned about setting up two different systems, one which regulates all the other export financing companies and banks and private sector financing, and the other that deals with the export financing for the agricultural sector.

I think we are giving an unparalleled commitment of authority to the farm credit system under this bill. It is dangerous; it is unwarranted; it is unnecessary, and it could lead to very serious repercussions for the consumer, for the American taxpayer, and for the producer.

But, I personally would not be opposed to it if, after the thorough investigation by the Banking Committee, it was considered to be within the limitations of good policy; and second, if the limitations on borrowing and financing would be imposed as well on the farm credit system as they are on the other financing institutions. I think one system should apply.

Mr. HINSON. Mr. Chairman, will the gentlewoman yield?

Mrs. HECKLER. I yield to the gentleman from Mississippi.

Mr. HINSON. Mr. Chairman, I thank the gentlewoman for yielding. I am one of the sponsors of this original legislation, and I think she has an excellent amendment. This bill, as presently written, grants very broad new powers to banks for cooperatives which I feel would put them in an unfair competitive position with an unfair advantage over commercial banks.

I commend the gentlewoman for the quality of her amendment, and urge all Members to support it.

Mr. Chairman, I rise in support of the amendment offered by the gentlewoman from Massachusetts.

As a cosponsor of the original Farm Credit Act amendments, I am anxious to insure that the farm credit system be allowed to keep pace with the growing needs of farmers, ranchers, and their cooperatives. Yet I am equally committed to insure that any expansion of powers granted by today's legislation would not be at the expense of other financial institutions. If enacted, H.R. 7548 would grant to the banks for cooperatives, and other entities in the system, broad new powers, both domestically and internationally. Many of the activities which would be permitted are prohibited to commercial banks and the thrifts because of our longstanding policies of separating banking and commerce.

Mrs. HECKLER's amendment addresses that portion of the bill which creates a special export system for the exclusive use of farm cooperatives, which I fear will grant unfair and unnecessary advantages to the cooperative sector over private industry. The export financing authority sought in title III of H.R. 7548 would allow a bank cooperative to make its financial services available to a foreign or domestic party with respect to its transactions with a cooperative for the export or import of agricultural commodities, farm supplies, or aquatic products. This provision permits a significant departure from traditional bank for cooperatives financing in that it authorizes the financing by the banks of parties that are not cooperatives. Thus, a system created by the Government and having Government-authorized advantages in order to serve farmers and ranchers, will be offering general financial services to a wide range of customers not currently ineligible for the special treatment offered by the cooperative farm credit system.

Banks subject to Federal Reserve supervision are limited in the amount of credit exposure they can incur in certain countries. No such restrictions are placed on the banks for cooperatives, thus allowing cooperatives the potential advantage of captive markets.

I continue to endorse all of the traditional methods of making credit available to agriculutural producers, and I recognize the need for improvement. Likewise, I feel that Congress should promote exports, but export credit must be available to the entire U.S. export community and not be the exclusive province of a particular segment of the farm economy which already enjoys significant advantages over the private sector.

To finance export sales, cooperatives have access to private sector banking facilities, Consumer Credit Corporation, and Export-Import Bank guarantee programs. The private banking community and the farm credit system have an outstanding record of administering to the important needs of this most productive segment of our economy—the American farmer. Given both the excellent record of the private banking sector and the potential of an expanded CCC credit program, I feel that the export financing authority provided in H.R. 7548 is unnecessary and discriminatory and should be stricken from the bill.

Because of the competing advantages in H.R. 7548 and the impact of farm credit activities respecting the flows of credit to agriculture and the rural communities, I would prefer that further consideration of this measure be given by the appropriate committees of the House, including Agriculture and Bank-

ing. I believe there is a need to consider the impact of this change in export financing to determine whether this authority is needed to give farmer cooperatives additional sales capabilities in international markets.

I fully support Mrs. HECKLER's amendment to strike that section dealing with the wide-ranging international banking activities of the banks for cooperatives, and I urge your vote in its favor.

Mrs. HECKLER. I thank the gentleman.

Mr. ROUSSELOT. Mr. Chairman, will the gentlewoman yield?

Mrs. HECKLER. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentlewoman yielding to me.

As the gentlewoman knows, having served on the Banking Committee as she did for so many years, there are many small banks around the country that really get into much of this kind of thing. My understanding is that they are concerned about this, as the gentlewoman has stated, unwarranted expansion and unnecessary expansion of power, that many of them already handle this kind of thing.

Can the gentlewoman tell us, is there a great effort here by the small banks; do they want this, or is there a genuine concern on their part that it is not needed by the banks for cooperatives?

Mrs. HECKLER. It is my perception that there has been no great demand by the banking community, although the independent bankers do support the bill as it is written. The American Banking Association does not.

Mr. ROUSSELOT. How about the independent bankers?

Mrs. HECKLER. The independent bankers are in support of the bill in its current form.

Mr. ROUSSELOT. Are they in support of this particular provision?

Mrs. HECKLER. I am not aware of their opposition to this particular provision.

Mr. STANTON. Mr. Chairman, will the gentlewoman yield?

Mrs. HECKLER. I yield to the gentleman from Ohio.

The CHAIRMAN. The time of the gentlewoman from Massachusetts has again expired.

(At the request of Mr. STANTON and by unanimous consent, Mrs. HECKLER was allowed to proceed for 3 additional minutes.)

Mr. STANTON. In answer to the last question, I would presume that they probably are supportive, but whether they are or not really is immaterial because what the gentlewoman is talking about here is international fund transactions, and what we are just talking about here is part of the larger financial institutions.

Mrs. HECKLER. Exactly.

Mr. STANTON. Far more important than that, I say to my friend from California, is that it would be getting into, without the gentlewoman's amendment, the dangerous field of tremendous expansion of power for the farm credit cooperatives into the international lending field.

Mr. ROUSSELOT. Is that part of their original charter, to be in that field?

Mr. STANTON. It is not only not part of their original authority, it is not even the authority we in the Banking Committee have given to anybody else.

Let me point out that at the moment—the gentleman is familiar with the Export Trading Act—a lot of the big banks in California want this. A lot of other institutions want it. Our theory in the committee has always been to allow the banks to get into this field of commerce and trade at the same time. This is very similar to the problem we are getting into here. At the same time, it is very highly competitive. Let me quote something that I picked out of a committee report:

> It permits a significant departure from traditional banks in cooperative financing in that it authorizes financing for banks or cooperative financing for parties that are not cooperatives.

I say to the gentlewoman, if we do not take a look at this and maybe in conjunction with the Banking Committee come up with some language that would be fair to everybody, I think and I would hope that the House here today would support the gentlewoman's amendment.

□ 1610

It is regrettable that our committee has not had a chance to take a look at this. I say that because down the road I see great troubles between the farm credit system and the financial institutions of our country. They have gotten themselves involved, I believe, unnecessarily so in this legislation, in loggerheads that should not be there.

Second, this could be only to one detriment, and that is to the detriment of our farmers. They are going to be the losers in the long run.

So I strongly support the gentlewoman's amendment. With this amendment or without this amendment, I strongly support the legislation, but I would sincerely hope that the gentlewoman's amendment would be adopted. It is in the best interests of the farmers and everyone in this country.

Mrs. HECKLER. Mr. Chairman, I thank the gentleman for his comment.

Would the gentleman not agree with me that this is setting up a two-tiered system of regulation, and that in one sense the export financing regulations are fairly extensive and complex and deal with all the commercial financing for virtually all of the products, but under this bill, we would set up a preferential system for agriculturally related, although not directly agricultural, products in the agricultural financing system under the Farm Credit Act? Is that a two-tiered system?

Mr. STANTON. It is really a significant departure from the historic concept of the act.

The CHAIRMAN. The time of the gentlewoman from Massachusetts (Mrs. HECKLER) has expired.

(On request of Mr. ROUSSELOT, and by unanimous consent, Mrs. HECKLER was allowed to proceed for 3 additional minutes.)

Mr. ROUSSELOT. Mr. Chairman, will the gentlewoman yield?

Mrs. HECKLER. I am happy to yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, if I may make this comment to the ranking minority member of the Committee on Banking, Finance and Urban Affairs, I understand his judgment is that this portion of the bill, which I know he does support—I refer to the whole bill except for this part—does take the original charter of this institution far beyond its original intent?

Mr. STANTON. Mr. Chairman, if the gentlewoman from Massachusetts will yield, yes, the gentleman is absolutely correct.

Mr. ROUSSELOT. I just do not think we need to create more financial institutions beyond what they are supposed to do. That makes a lot of sense to me.

Mrs. HECKLER. Mr. Chairman, I thank the gentleman for his comments.

Mr. WYLIE. Mr. Chairman, will the gentlewoman yield?

Mrs. HECKLER. I am happy to yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Chairman, I rise in support of the amendment and rise in support of the position of the ranking minority member of the Committee on Banking, Finance and Urban Affairs.

I think the language in the bill in its present form is premature. There are all kinds of questions of taxation and reserve requirements that have not been addressed. There are many complicated considerations that ought to be dealt with. It seems to me also that this is a subject that ought to be considered by the full Committee on Banking, Finance and Urban Affairs, with testimony being taken.

I, therefore, believe the gentlewoman from Massachusetts (Mrs. HECKLER) has made a significant contribution, and I do support her amendment.

Mr. GLICKMAN. Mr. Chairman, will the gentlewoman yield?

Mrs. HECKLER. I am happy to yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Chairman, I realize this is a complicated area in the financing of exports. It is a new area and one that this committee has to get into, even though there may be some issue about the feelings of the Committee on Banking, Finance and Urban Affairs being slighted because it does not have the jurisdiction.

I have a letter dated September 16, 1980, from the chairman of the Committee on Banking, Finance and Urban Affairs, Mr. HENRY REUSS, in which he says that a request for jurisdiction for the Farm Credit Administration's lending authority lies exclusively under the jurisdiction of the Agriculture Committee under the rules of the House.

Obviously what we have here certainly is an expansion of farm credit authority over what it was 30 or 40 years ago, but we also have an enormous change in the farm economy of the world.

Mrs. HECKLER. Mr. Chairman, if I may, I would like to reclaim my time since it is about to expire.

I would like to point out that the gentleman from Ohio (Mr. ASHLEY) also sent a message to the Committee on Rules in support of my amendment and in opposition to the position taken by the distinguished chairman of the Committee on Banking, Finance and Urban Affairs.

I am interested not in the turf or protecting the jurisdictional turf of one committee over another; I am interested in protecting the American consumer and having a fair system of international financing for agricultural and nonagricultural products and having a thoughtful consideration of this issue by the Congress.

I believe that this is a radical departure from the purpose of the Farm Credit Act and flies in the face of regulatory deposit reform which we in this Congress passed in the last session of Congress.

Mr. WYLIE. Mr. Chairman, will the gentlewoman yield?

Mrs. HECKLER. I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Chairman, I am a supporter of the banks for cooperatives concept, as the gentlewoman knows, and I was one of the original sponsors of the National Consumer Cooperative Bank. We did get into the whole area of that subject in the debate on that bill.

However, I do feel this is expanding the jurisdiction of the banks for cooperatives for export trade.

The CHAIRMAN. The time of the gentlewoman from Massachusetts (Mrs. HECKLER) has again expired.

(On request of Mr. STANTON, and by unanimous consent, Mrs. HECKLER was allowed to proceed for 3 additional minutes.)

Mr. WYLIE. Mr. Chairman, if the gentlewoman will yield further, I would think that, although originally the chairman of the full Committee on Banking, Finance and Urban Affairs, whose judgment I certainly respect, might have approved this procedure as being in the jurisdiction of the Committee on Agriculture, the amendment expanded the concept in this area. So perhaps the Committee on Banking, Finance and Urban Affairs ought to take a look at it.

Mr. STANTON. Mr. Chairman, will the gentlewoman yield?

Mrs. HECKLER. I am happy to yield to the distinguished ranking minority member.

Mr. STANTON. Mr. Chairman, there is one conclusion we could draw this afternoon, and that is that I do not think anyone could disagree that there is a growing difference and a dangerous difference for our farmers in the attitude toward this particular amendment between the farm credit system and financing institutions in our country.

For that reason alone, I believe we should adopt the gentleman's amendment and take a slow look at it. The rest of the bill is excellent legislation, and I think we should go on with the legislation. I hope the gentlewoman's amendment is supported.

Mrs. HECKLER. Mr. Chairman, I thank the gentleman from Ohio (Mr. STANTON).

I would like to say that I, too, support the banks for cooperatives. I support the concept very strongly, but I think this title and the amendment points out what I consider to be a serious and radical departure from sound financing policies which could have ramifications across the board for financial markets and for the consumers and indeed for the farmers.

Mr. Chairman, I urge support for the amendment, and I yield back the balance of my time.

Mr. PANETTA. Mr. Chairman, I rise to express my opposition to the amendment that has been offered by the gentlewoman from Massachusetts (Mrs. HECKLER).

If this bill contains any major feature, it is the feature that provides credit for export-import transactions. If this amendment is accepted, it would gut the legislation in terms of what it is primarily designed to do. Those Members who oppose providing this kind of credit in terms of international transactions ought to vote against the bill, but certainly I think the membership ought to have the opportunity to vote up or down on the entire legislation, as opposed to an amendment which literally does away with the primary purpose of the legislation.

It is very important to recognize that America's farmers and fishermen, along with their cooperatives, are beginning to extend themselves into more export-import transactions. As a matter of fact, for wheat producers alone, over one-half of that commodity crop is exported. It is estimated that the exports in 1980 will total at least $40 billion, which is an all time record level.

There is no question that if our farm people who are involved in agriculture are going to do anything with their products, they will simply have to engage in trade. In terms of our own trade balance, it is very essential that we allow our farmers and fishermen to reach out into those markets; to be able to have the banking institutions and the farm credit banks be cooperative in extending that opportunity to farmers.

The positive effect of this is going to be to help our balance of payments. It is positive in terms of reaching out and providing new markets for the products that are developed. That is the purpose here.

Obviously, the banks for cooperatives did not extend into that area. Very frankly, I shared some of the concerns of the gentlewoman from Massachusetts (Mrs. HECKLER) in terms of how much authority we were going to give the banks for cooperatives in the international markets. The bill that was originally drafted and presented to the committee was far broader than this. It was much broader.

There were many of us on the committee who felt that we ought to restrict the authority of the banks for cooperatives in terms of their extension of credits to import-export transactions alone, and through an amendment that I offered in the committee we in fact provided that kind of tight control on those transactions.

The amendment that I offered and which was accepted in the committee restricts the expanded authority of the banks for cooperatives to deposit their funds in foreign and domestic financial institutions to those deposits that are necessary to facilitate export-import transactions. It eliminated provisions specifying certain additional investment opportunities for the banks. It narrowed the authority of the banks to acquire ownership interest in business entities. It limited the authority of the banks to maintain credit balances to export-import transactions authorized elsewhere in the title.

It limited the exchange services again to export-import transactions. It limited the bank financing of non-cooperative policies again to export-import transactions, and it did a number of other things.

In addition to that, we require that the Farm Credit Administration consult closely and on a continuing basis with the Federal Reserve in developing regulations to implement these new authorities and indeed, if there was a conflict between the Federal Reserve and what the credit banks were talking about, they had to come to the Congress and the Congress held the veto power. So we have a veto power, in effect a legislative veto, in terms of these additional regulations.

□ 1620

Thus, the result is that we have a legislative veto in terms of all regulations to be proposed by the farm credit system. There are restrictions that limit these authorities to export-import transactions alone. We are not giving farm credit banks an open checkbook in terms of our foreign regulations. Banks have far more authority in those areas. However, we are expanding the authority of the farm credit system to provide some additional assistance to farm cooperatives so we can expand those markets. That is basically what this bill does. It has the proper restriction. We feel it does provide the proper limitation and yet it has the important ingredient of providing additional funds for farmers to expand their markets abroad.

Mr. BARNARD. Will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Georgia.

Mr. GLICKMAN. If the gentleman will yield, I would like to reemphasize what my colleague, the gentleman from California (Mr. PANETTA) says. The gentleman offered amendments in the committee which significantly tightened the operations under the bill so it does limit cooperative export financing. However, I would like to make another point. That is in the era where export financing of agricultural commodities may be the only thing that is going to save our dollars overseas, this reflects the first flexible creative approach to sell large quantities of grain and agricultural commodities overseas since I have been here in the House and I think it does reflect a combination of tight controls as well as a new

avenue to sell our agricultural products overseas.

I might make a third point. I agree with some of the things the gentlewoman from Massachusetts has said. I am a bit worried about the growth of the farm credit situation so I will be offering a sunset amendment when we come to the end of the bill that will sunset the operation of the export financing as well as the OFI discount window so that we can provide some reasonable congressional assurance that we will review these things in the years to come.

Mr. PANETTA. Let me say it is equally important to understand what this bill does not do. The bill does not authorize the banks of cooperatives to finance international transactions of the private export trade. It does not do that. It does not authorize the banks to finance manufacturing of processing operations of foreign firms. It is limited in its application to the export or import transaction of cooperatives, which means that we are tightening the focus solely to import-export transactions that involve those goods.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. BARNARD and by unanimous consent, Mr. PANETTA was allowed to proceed for 2 additional minutes.)

Mr. BARNARD. In tightening up the operation of the banks for cooperatives, you are not saying we will be operating within the province of the Federal Reserve System.

Mr. PANETTA. That is correct.

Mr. BARNARD. Are there any regulatory agencies at all that would come into play? The reason I ask this question is, international financing seems to me to be a very, very exacting business today. It takes a lot of expertise. This is a brand-new field of endeavor that the banks for cooperatives will be getting into. What safeguards do we have that they are going to be operating in good lending practices. I mean there are no regulators to control this.

Mr. PANETTA. What we have provided and required in this legislation is that the Farm Credit Administration consult closely and on a continuing basis with the Federal Reserve. Initially, their first proposal was that they would simply consult with the Federal Reserve, but regardless of the position of the Federal Reserve, they would still go on their own course as determined by their own board.

What I have included in my amendment, which is incorporated in the bill, is that if there are any disagreements where the Federal Reserve says, "No, you are going out of bounds," then those differences must come here to the Congress and the Congress must have the opportunity, through its veto power over those regulations, to pass judgment on that and determine, in fact, whether the credit banks are to be given this additional authority. So there are two checks. The first is that they are required to consult with the Federal Reserve. The second is, if there is any conflict that cannot be resolved between the Federal Reserve and the Credit Bank, it is to be resolved by the Congress.

Mr. BARNARD. Mr. Chairman, will the gentleman yield further?

Mr. PANETTA. I yield to the gentleman.

Mr. BARNARD. Is there a periodic reporting in this or is it just going to be as they see fit to go before the Federal Reserve?

Mr. PANETTA. The bill does require reporting on a continuing basis.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. ENGLISH and by unanimous consent, Mr. PANETTA was allowed to proceed for 2 additional minutes.)

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I will be pleased to yield.

Mr. ENGLISH. I think it should be pointed out that back in the 1930's when we set up the Farm Credit Administration, the reason it was not made a part of the Federal Reserve was the recognition that agricultural lending and its needs were different than the lending needs for the rest of the country and it needed to be independent and that was a very basic decision that we have operated under for nearly half a century now.

I think all we are doing with this piece of legislation is carrying through.

Certainly the expertise of the Federal Reserve System needs to be recognized and they need to be consulted. I think the gentleman from California with his amendment in the committee certainly dealt with that problem and has done it very well but I think it would be a very serious mistake to bring the Farm Credit Administration under the Federal Reserve and expect it to be dealt with in the same manner.

Mrs. HECKLER. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentlewoman from Massachusetts.

Mrs. HECKLER. Mr. Chairman, I would just like to say that I think while the gentleman's amendments were of value and improve the bill they still left a vast expanse of nonregulation in which I think the comments of the prior speaker are extremely relevant. The Farm Credit Administration was set up to finance the farm purchases and the need of the farmer for production purposes.

Now, we are going into exporting finance where the needs for export are not very different from the export financing needs of other commodities and of other business interests in America. Therefore, the farm export financing should not be on a different basis. It is one thing to have consultation with the Federal Reserve, for which this bill does provide, but all of the other international financing is not done in consultation but under the mandate of the Federal Reserve.

We do not know what the loans would be, what the guidelines would be, what the maximum loans would be, what the time limitations for repayment would be and, in effect, there is no comparison, I would say to the gentleman between the two.

The CHAIRMAN. The time of the gentleman from California has again expired.

(At the request of Mr. BEDELL and by unanimous consent, Mr. PANETTA was allowed to proceed for 3 additional minutes.)

Mr. PANETTA. If I may respond to the gentlewoman, I recognize this, we are giving additional powers. There is no question about that. No one should make any mistake about that. We are giving additional powers to the Credit Bank. The question is how do we control those additional powers, recognizing that assistance to farmers is no longer just a question of the ability to grow a crop, it is also the ability to market that crop abroad. That is the reality with which we are dealing. If farmers are going to make it in this country, they are going to make it largely on their ability to sell goods abroad. That is a whole new marketplace in which we should be actively involved. That is why we believe we need to provide these additional authorities.

We also believe we can provide the necesary checks. Legislative veto is one of those checks. Whatever regulations, whatever rules they develop to implement these powers will have come here to the Congress for our review. It is at that point that the Committee on Banking and the Committee on Agriculture will be able to say yes or no, that the authorities provided in these regulations do meet these concerns.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Iowa.

Mr. BEDELL. I think the point has been made, and accurately so, that when the original farm credit system was set up, it was set up to help farmers. This is an expansion. I would hope we would recognize the needs of farmers change as time goes on. Certainly the need for us to export our products today, compared to what it was when the farm credit system was first set up, is significantly different. Certainly there is a need for us to adjust to what are the needs of the farmers.

I am disturbed over the argument made here today that this is a disservice to the farmers for us to do this. This passed the Committee on Agriculture by a vote of 46 to 0. I think that is an indication that those of us who represent farmers believe that our farmers feel that it is important for us to build our exports and that financing should be used for that purpose as well as for the other lending that is needed therein.

Mr. Chairman, I see the need for the Banking Committee in many of these areas but I would hope that we would feel that the Committee on Agriculture would be the committee of the Congress that could best recognize what are the major needs of our agriculture community. If we even go beyond that, it has already been pointed out the tremendous need we have for agricultural exports for our balance of payments.

I thank the gentleman for yielding.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, I appreciate the gentleman's yielding.

Mr. Chairman, I take this time to rise in opposition to amendment offered by the gentlewoman from Massachusetts.

I am a member of the President's Export Council which has just completed its consideration and made recommendations to the White House for implementation next year. One of the many areas of most concern was the inadequacy of credit provided for agricultural products. Speaking with personal knowledge of the difficulty farmers have in northeast Arkansas, in southeastern Missouri and in western Tennessee——

The CHAIRMAN. The time of the gentleman from California has again expired.

(At the request of Mr. ALEXANDER and by unanimous consent, Mr. PANETTA was allowed to proceed for 2 additional minutes.)

Mr. PANETTA. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, speaking from personal knowledge in that region, I am one of the organizers of a nonprofit trade center which exists for the purpose of assisting farmers and small manufacturers to enter into agreements with foreign buyers to buy their products, to market their products.

□ 1630

Banking services are one of those needs that we have the most need for. I expect that is true in most nonmetropolitan areas. Now, they do not have any problem in the Northeast where you have the big banks. I doubt if they have problems in the St. Louis region, in the Memphis region, maybe even in the Chicago region, where they have done these practices for years and years. But direct exporting is a new enterprise for farmers small- and medium-sized range.

We need this bill in order to expand our exports. Increased exports is one of the essential ways that our country has of offseting a devastating negative trade balance which, for the last several years has reached heights of about $30 billion.

I urge my colleagues who represent farming communities and developing areas to vigorously oppose the amendment offered by the gentlewoman from Massachusetts.

The CHAIRMAN. The time of the gentleman from California (Mr. PANETTA) has expired.

(At the request of Mrs. HECKLER and by unanimous consent, Mr. PANETTA was allowed to proceed for 2 additional minutes.)

Mrs. HECKLER. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentlewoman from Massachusetts.

Mrs. HECKLER. I thank the gentleman for yielding.

I would like to comment on the gentleman's comment on my earlier statement on the expansion of authority and the question of whether or not something beyond the agricultural community would be the beneficiary of financing under this new breadth of export financing authority given to the Farm Credit Administration.

I would say that the gentleman, I am sure, would agree with me that the bill does not define the export or import of agricultural commodities and that since the farm credit system itself would be in the position of judge and jury on the interpretation of the powers, it would not be out of order for them to interpret those powers quite broadly. Under a broad interpretation of the powers, it is quite possible that any domestic middleman engaged in the export process who transacts business with an agricultural cooperative becomes eligible to borrow from a bank for cooperatives for the export financing, and it is the export middleman and ultimately potentially the jean manufacturer whose sales would be equally eligible for financing under this power. This kind of a broad expansion of power for export without the limitations imposed by the Federal Reserve System creates chaos in the international export market.

I would just like to ask the gentleman what his attitudes are toward this broad expansion and the lack of definition of export-import, which leads to my conclusion that the farmer would not be the main beneficiary, but, indeed, the middleman, the processor, the manufacturer, and, indeed, the foreign businesses which are directly authorized in section C on page 19, which authorizes the bank for cooperatives to fund ownership interest in foreign business entities that are principally engaged in providing credit information to providing such service functions.

Now this expansion of foreign business funding and the expansion without definition of financing of export-imports, as they relate to farm products, can, indeed, provide under broad interpretation funding for virtually anything. Would the gentleman not agree?

The CHAIRMAN. The time of the gentleman from California (Mr. PANETTA) has again expired.

(By unanimous consent, Mr. PANETTA was allowed to proceed for 1 additional minute.)

Mr. PANETTA. If I might just respond, I think if the gentlewoman will look at the report language on pages 38 and 39, dealing with the whole issue of the export-import transactions, it is specifically directed at the export-import transactions relating to farm goods and supplies; and I think it provides adequate backup in terms of any credit system that might try to play games with this provision.

We were aware of that concern when we dealt with this bill in committee. Because of that, we built report language into the report which makes it very clear that this is to relate specifically to export-import transactions and that the committee will carefully consider those regulations when they come here for our review to insure that they are directed at that area and that area alone. We think we have adequate protection here to avoid the kind of games that both of us are concerned about.

Mr. STENHOLM. Mr. Chairman, I rise in opposition to the gentlewoman's amendment.

I would like to speak to a different issue than what I have heard addressed thus far, specifically, the last comments of the gentlewoman.

I want to speak as a farmer as I view this from the farmer's eyes.

I believe very strongly in the free enterprise system. Competition plays a vital role in the free enterprise system.

When one looks at the fact that of the 1.4 billion metric tons of grain that were produced in the world in the last year and one finds that 86 percent of that grain is consumed in the country in which it is grown, 14 percent enters into world trade, 14 percent of the total world grain production. Then when ones looks at the very real fact that the United States contributes 60 percent of the total grain trade in the world, and as one follows a little further and finds that there are four major companies within the United States, three of which are foreign owned, a fourth of which is partially foreign owned, these four companies account for 90 percent of the total U.S. grain trade. One can see the concentration in world grain trade.

What we are talking about today is providing a little competition which I believe will be very, very beneficial to to the farmers of America in world grain trade, competition that we do not have today. That has to be healthy for the American farmer. That has to be healthy for all Americans, because when one looks at the very real fact that of the $40 billion that we have sold into the export market this year of agricultural commodities, when we talk of wheat, we have not yet sold one bushel of wheat above the average cost of production of farmers in the United States to anybody in the world as of today.

Mr. HARKIN, Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Iowa.

Mr. HARKIN. I want to compliment the gentleman on what he is saying and to underscore the point the gentleman is making about the fact that four of these major grain firms do all of the selling abroad and three of them are foreign-based, I just underscore that by saying not only are they the major exporters of our grain, they are the major exporters of Canadian grain, Argentinian grain, and European grain, and also those same grain companies are the major importers of grain in Western Europe, the Middle East and Japan; and so the gentleman does raise the question, what kind of competition is there really in that trade; and the gentleman is correct.

This will provide that cutting edge of competition that is needed.

I thank the gentleman for his comments.

Mr. STENHOLM. I thank the gentleman for his comments.

Mrs. HECKLER. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentlewoman from Massachusetts.

Mrs. HECKLER. I thank the gentleman for yielding.

I would like to say to the gentleman that I, too, have a concern about the farmers' ability to get credit and about the extension of export financing, and it

is not with a desire to limit that that I proposed the amendment. It is simply to create a fair system.

This bill creates a preferential system for the export of any agriculturally related products versus the highly, tightly regulated system created by the Federal Reserve; but the point that I wish to make to the gentleman is that the farm organizations did not speak in favor of this.

The Farm Bureau said this is a far-reaching proposal. International banking is a complicated and risky business and seems a long way from the original intent and purpose of the farm credit system.

The National Farm Union said this amendment is perhaps the most significant in terms of changing the nature of the lending operations of the banks for cooperatives. International banking is a complicated business.

The Grange called upon the committee to give consideration to the impact on the availability of funds to meet the credit needs of the agriculture sector for granting the authority for export financing.

Now the gentleman knows of these comments, and I wonder, would the gentleman say the opinions of the Farm Bureau, the Grange and their concerns for the legitimate credit needs of our domestic production, which is the purpose of the act, if these opinions are not well-thought-out and well-expressed and indeed indicative of the basic farm needs of the country?

☐ 1640

Mr. STENHOLM. I agree totally with the concerns the gentlewoman has just expressed and all of the farm organizations that have expressed those concerns. I believe that we have adequate safeguards in this particular legislation that will see that the worst things that have been talked about that will occur from the farmers' standpoint will not occur.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, to respond to the gentlewoman, those very same organizations that the gentlewoman mentioned, sure, they raised those. That is why we had hearings. That is why we had over a year, almost a year of solid hearings on this bill. Those same farm organizations support the passage of this legislation in its present form.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(At the request of Mr. JONES of Tennessee, and by unanimous consent, Mr. STENHOLM was allowed to proceed for 1 additional minute.)

Mr. JONES of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the distinguished gentleman.

Mr. JONES of Tennessee. I thank the gentleman for yielding.

I want to commend the gentleman for what he has had to say. I want to say that I think the gentleman is exactly correct in the position he has taken.

I want to point out to this body that 1 of every 3 acres of grain that is produced in this country today is exported. It is something to be thinking about. One out of every three dollars earned from grain is derived from overseas sales. We need some new methods of financing.

It seems to me that the farmers' own organizations should have the right to do it. Increased agricultural exports mean more jobs for farmers and for nonfarmers alike.

I think there are some people here on the floor today that are overlooking this fact when they say that this is just a one-sided piece of legislation. It benefits everybody.

I hope that we will vote down the Heckler amendment.

Mr. FINDLEY. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment offered by the gentlewoman from Massachusetts. I do so with deep respect, because on many occasions we have been together in common causes in the past and I am sure we will be in the future.

I speak, though, from perhaps a little different perspective, coming from the State of Illinois which is the State that ships more farm products overseas than any other State in the union. In fact, one-half of the soybeans produced in the State of Illinois go overseas, about a third of the corn, and while I may have to defer to my friend, the gentleman from Iowa, as to whether Illinois is the leading farm State or not, on many fronts I am sure the gentleman would acknowledge that we are certainly among the leaders.

We have a great stake in farm export expansion. The gentlewoman from Massachusetts (Mrs. HECKLER) has helped us on many fronts in expanding the opportunity for these greater exports abroad. I can recall some such occasions, so that I know the gentlewoman's motivation is a sincere one; but every bit of expansion of farm exports helps the entire country and certainly helps the farmer, wherever he may live and in whatever commodity he may produce. Even though it may bring some profits to middlemen and to other interests, it ultimately helps the farmer because it expands his total income opportunities.

I see the expansion opportunity for farm credit that is already written in this bill as vitally important. In fact, it is the heart of the bill. If this provision should be stricken from the bill, the bill would be seriously weakened. I think it would be a shame for the amendment to be adopted.

Now, it is also worth noting that cooperatives are already in the business of shipping overseas. They are doing a good job. It is only a modest beginning, however. This legislation will enable cooperatives to expand their work in export shipments substantially. I say that is to the distinct advantage of every farmer in this country and every citizen in this country for the reasons cited by the gentleman from Texas. It will impart a new level of competition in the field of export expansion.

We have great grain trading companies that historically have done a good job. They compete with each other I am sure very closely, and yet anyone who has watched the development of cooperatives over the years will acknowledge that it has played a vital role in the establishment and expansion of competition. It provides a yardstick for performance by the private corporate structures.

I am sure the same will develop as we put into law the very proper and wise provisions of this legislation.

I, therefore, hope that my colleagues will join me in opposition to the Heckler amendment.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding.

Now, my understanding is that under the provisions in this bill relating to the banks for cooperatives that we are discussing enjoy significant antitrust and tax advantages over the private sector, so that this expansion of authority beyond what was originally intended under the Farm Credit Act tends to give these cooperatives a very, very substantial advantage over other financial institutions.

Mr. FINDLEY. Could I interrupt the gentleman?

Mr. ROUSSELOT. Yes; certainly.

Mr. FINDLEY. First of all, this is the private sector. It is a cooperative form of organization, but it is the private sector.

Mr. ROUSSELOT. I understand that.

Mr. FINDLEY. And furthermore, we may have lost sight of the fact that the money brought into the expansion of farm exports is private money. It is not out of the U.S. Treasury.

Mr. ROUSSELOT. Oh, I understand that also.

Mr. FINDLEY. I am sure the gentleman will support that idea.

Mr. ROUSSELOT. What I mean is that on the borrowing side the banks for cooperatives under these new powers still would have significant antitrust and tax advantages.

Mr. FINDLEY. They would have advantages, I freely recognize that.

Mr. ROUSSELOT. We, of course, are only concerned about the expanded powers in international finance.

Mr. FINDLEY. And should their role in the farm export business expand to the point where I think it is imposing any hardship or unfair disadvantage to the other firms engaged in it, I would join the gentleman in corrective legislation; but what I foresee coming from this legislation is so modest in terms of competition that I think it is a problem that we can set aside.

Mr. ROUSSELOT. I urge my colleagues to support the Heckler amendment.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. Yes.

Mr. BEDELL. We should point out that three of those four firms are foreign owned that we are talking about as well.

Mr. FINDLEY. Good point.

Mr. MADIGAN. Mr. Chairman, I move to strike the requisite number of words.

I rise in opposition to the amendment.

Mr. Chairman, I would be perfectly willing to have the House work its will

on this amendment and other amendments without my having to speak on every one and would be perfectly willing to sit quiet during debate on this amendment if the debate had been accurate in terms of the information that was being provided to the committee as the debate went on.

As a matter of fact, the small banks that have been referred to here support this bill without the amendment being offered by the gentlewoman from Massachusetts. This amendment is not being offered in behalf of small banks, as has been suggested.

With regard to farm organizations, all the farm organizations, every one regardless of its size, is supporting the bill as it was reported by the Agriculture Committee, by a vote of 41 to 0. In defense of the 41 people who voted for the bill in its present form, which included all of the Republican members of the Agriculture Committee, I would have to say that the export provision of the bill which we are discussing here received more intensive review than any other provision in the bill during both the subcommittee and committee consideration.

The Farm Credit Administration was called upon to explain both the purpose and the need for this section several times and, as a matter of fact, more than 4 hours of the full committee time was devoted one afternoon to a discussion of this section of the bill.

As to the question who else could benefit from this legislation, without the amendment of the gentlewoman from Massachusetts, the gentleman from California, the gentleman from Tennessee, and others, have acknowledged that we have had a concern about that and because of that concern there is a requirement for an ongoing evaluation by the General Accounting Office that would be required to be conducted over a 4-year period of time, with the first report being submitted to Congress in December 1982, and the final report being submitted in December 1984.

In addition to that GAO ongoing review process, there is as has been mentioned, the two-House congressional veto provision included in the bill as it comes to the floor of the House.

Finally, with regard to the allegation that a two-tier system of regulation may be established, I want to read the language in the bill, which says specifically:

> The Farm Credit Administration shall, during the formulation of such regulations, closely consult on a continuing basis with the Board of Governors of the Federal Reserve System to ensure that such regulations conform to national banking policies, objectives, and limitations.

□ 1650

That is not report language. That is the language that is in the bill as it was reported by the committee and as it is before us on the floor this afternoon.

In summary, I have taken this opportunity only to respond to these things that I think were not accurately relayed to the House.

I would add to that, in response to the comment of the gentleman from California, that the part of the farm credit system that we are talking about here is the banks for cooperatives. They are not tax exempt. They experience the same tax liabilities as any other bank operating under a Federal or State charter.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I am happy to yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman for yielding. I neglected to mention that the American Farm Bureau Federation is opposed to the amendment now pending and does support the bill without amendment. There was some testimony earlier in the year during the initial stages of consideration, but I would not want anyone in the Chamber to have the wrong impression of the attitude of this largest of the farm organizations. In fact, I believe I am correct in stating that all farm organizations support the bill without amendment.

Mr. MADIGAN. That is absolutely correct.

Mrs. HECKLER. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I am happy to yield.

Mrs. HECKLER. I would like to say to the gentleman the question was posed to me as to whether or not the Independent Bankers Association was in favor of my amendment. At that point I could not respond to the question because I did not have the information. But I have since been informed that although the Independent Bankers Association supports the bill, they do not take a position on my amendment.

I would also like to say that while the farm organizations have taken a position in support of it, they expressed reservations, which was the point of my quotations, and these reservations are some that I have expressed. But in addition to that, I would like to say to the gentleman who places so much faith in the GAO—as I do too—that there is a recent GAO report which was very critical of the farm credit system and criticized the agency for embarking into hous'ng loans for hobby farmers and the idle rich.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. MADIGAN) has expired.

(By unanimous consent Mr. MADIGAN was allowed to proceed for 2 additional minutes.)

Mr. MADIGAN. I yield further to the gentlewoman from Massachusetts.

Mrs. HECKLER. I would like to say this is the same system that would get this broad expansion of power without the restrictions that are placed on the final extension of power in international financing on the other financial institutions.

I would say to the gentleman that I think the reference to consultation with the Federal Reserve is a somewhat hopeful sign, but there is a great deal of difference between consultation and being under the jurisdiction of the Federal Reserve.

Second, there is a big difference between living with the mandates of the Federal Reserve which justify and which govern all other export financing arrangements and having a system in which there is consultation and a congressional veto. I question how this House could possibly have the background, knowledge, and information to be sufficiently informed to vote correctly on the precise provisions and terms of international agreements entered into under the jurisdiction of this act. I think the congressional veto provisions are no substitute for one system which the Banking Committee, in cooperation with the Agricultural Committee, could provide.

Mr. MADIGAN. I thank the gentlewoman for her contribution. I do not want to abuse the patience of the Members of the House any further.

The comments about small banks were not made exclusively by the gentlewoman from Massachusetts. The remarks about farm organizations and the statements that they made were in regard to the bill that was introduced 1½ years ago, and not the bill that is before us in its present form.

Let me just reiterate my support for the bill in its present form and my opposition to the amendment.

Mr. ST GERMAIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it was not my intent to participate in this debate. Frankly, it is unfamiliar turf for me ordinarily.

However, I have been listening rather intensely to the arguments on both sides as to the Heckler amendment. The gentleman from Ohio (Mr. STANTON) I believe pointed out the fact that there is another piece of legislation, the Export Trading Act, that is geared essentially to do something similar. The purpose would be similar to that contained in the section that the gentlewoman from Massachusetts seeks to delete from the bill, to wit: To encourage and assist our smaller businessmen as well as our smaller farmers in their desire to participate in export activities.

One thing I think should be made very clear and that is that there are sufficient means available to the larger farmers and the big businessmen to engage in export trade. They do not need this legislation, nor do the big business farms or the big farmers need the Export Trade Act.

However, the little businessmen and the smaller farmers do.

Much thought has been given to the Export Trade Act and yet it is not quite ready. Frankly, after listening to the debate this afternoon, I agree with the purpose of the section in question. But, again, I reluctantly have to state that it is obvious to me that not enough thought has gone into this.

I heard the ranking minority Member state that they had spent 4 hours on this section. Frankly, I have looked at this and I will be honest. My colleagues, Mr. BARNARD, Mr. STANTON, and Mr. WYLIE, and I would have to spend a whole lot more time than 4 hours on anything as far reaching as this is in the Committee on Banking, Finance and Urban Affairs.

I asked if the Federal Reserve had testified on this since it has been stated that the Federal Reserve would be consulted. I am told no, but informally they

stated they had no objection, or something to that effect. I have been dealing with the Federal Reserve on banking for 20 years and that is not their usual modus operandi. They usually are very open.

Let me state this: I take a back seat to no one when it comes to consumer cooperatives. Let us face it, the consumer cooperative banking, I fought 3 years for that one and got it through. So I am for the co-op movement.

I would like to see something worked out here, but I would plead with the Members of the House that this section is not refined to a point where it should be enacted into law. I do not think any abuse would occur if this were deferred until next year.

I am not taking issue with the gentleman from Wisconsin, Chairman REUSS, on this, as chairman of the full Committee on Banking, Finance and Urban Affairs, because I do not think HENRY REUSS had any idea of what was occurring in this particular section. I do, however, feel, and, again it, is not a question of jurisdiction, I am not jealous of jurisdiction—Lord knows we have plenty of work to do in our committee and I am not looking for more—but, very frankly, I think that this section as it now stands should not be adopted. I think we should be a sorry House were we to give it our stamp of approval at this point.

That is why I felt constrained, though it is out of character for me, to come here today and speak in favor of the amendment of the gentlewoman from Massachusetts.

Mr. STANTON. Mr. Chairman, will the gentleman yield?

Mr. ST GERMAIN. I yield to my colleague from Ohio.

Mr. STANTON. I know the gentleman in the well will agree with me that, especially in the field of supervisory problems internationally, our regulators have a very difficult time.

□ 1700

Mr. ST GERMAIN. Absolutely. As a matter of fact, we have had a difficult time getting them to do the regulating on the international scene because of the complexity of the laws in the various countries involved.

Another thing that bothers me here is the farm credit system. What in God's name does it know about the foreign money exchange system?

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. ST GERMAIN was allowed to proceed for 2 additional minutes.)

Mr. ST GERMAIN. We have seen the Franklin National Bank fail because of the lack of expertise in this area. With all due deference to the farm credit system, I am convinced that they do not have the expertise necessary in that area.

Mr. STANTON. Mr. Chairman, will the gentleman yield?

Mr. ST GERMAIN. I yield further to the gentleman from Ohio.

Mr. STANTON. I thank the gentleman for yielding. I am glad the chairman cleared up that subject because the other point that he clarified for me is that in this process the Federal Reserve Board was referred to several times. He has stated they took no position on this.

Mr. ST GERMAIN. I consulted with the staff of the committee. Would the gentleman from Tennessee (Mr. JONES) care to comment on that, as to the Federal Reserve's position on this section of the legislation?

Mr. JONES of Tennessee. We had the Federal Reserve before us. They did comment.

Mr. ST GERMAIN. Did one of the Federal Reserve Board members testify?

Mr. JONES of Tennessee. We had some informal meetings with the Federal Reserve.

Mr. ST GERMAIN. Informal? With the Board of Governors or with its staff?

Mr. JONES of Tennessee. With staff.

Mr. ST GERMAIN. With all due deference, I find that insufficient in reality on something like that.

Mr. JONES of Tennessee. Will the gentleman yield?

Mr. ST GERMAIN. Certainly.

Mr. JONES of Tennessee. Everyone who was involved was invited to testify. They chose to send staff. That is what they did.

Mr. ST GERMAIN. I yield back the balance of my time.

Mr. DE LA GARZA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I did not intend to spend any more of the Committee's time on this amendment. I think I must in good conscience bring something out, because we are getting a little far afield from the amendment and have gotten involved in banking and expertise and committee expertise, and the sounding I get from home is that the banks, small and large, are terribly overburdened. They are frustrated, they are upset not only with this Congress and whatever a committeee of this Congress legislates on banking, but with the Executive, the Comptroller of the Currency, and the FDIC, who overburden them with rules and regulations, and what the banks are telling me at home is, "Get out of our business; leave us alone. You do not have the expertise up there. We know how to run our bank."

So I wanted to bring this to your attention for those of us here who now have said that the expertise is here and so on. The main thrust of this amendment is to sell American products abroad, period. We are giving those who produce a product and those who refine them another tool to sell our products abroad, period. We are giving those who are tremendous. As a matter of fact, they would be worse were it not for the farm sector. That is one of the areas where we are getting a little better assistance as far as our balance of trade or our deficit with the rest of the commercial nations of the world.

All of the other countries subsidize their products from the farmer all the way to the eventual seller. We do not do that. We have what I would consider a modest assistance program for farmers in several commodities, but we must compete with the world. They are out competing with us for many reasons. One of them—the gentleman from Illinois and I have spoken about it—is that they have become experts in trading. They hit a country speaking the language of that country as they get off the plane. We do not do that. We still expect them to deal with us in English. That is one of the things.

They come in with their briefcase with assurance from their government that whatever the deal they can strike, they will have the backing of their government. Here we have a novel, strictly free enterprise system where we are giving a little bit more authority to an institution to go into the free market to allow its own customers and members to participate in assisting the exporting of our products.

That is all this bill does, give a little bit more authority to an institution that will help the farmer, the producer, and the eventual last seller of the product to sell our products abroad; and I do not see there is anything wrong with that. Any other thing you can bring into this is superfluous to the issue. There is one issue: We need to sell more of our products abroad. This is a free enterprise system. It is a system within the framework of the initial banking assistance that we gave to them where they could work with their own money, and they have achieved this purpose up to now.

It will be their own money. Yes; they will go to the open market, but it will be assisting, giving the de facto—the de facto, I must correctly state—governmental authority, but yet it is not the Government but it gives it the name of the Government and they can do it with their own funds, with their own institutions; and I would hate for anyone to vote on this amendment for any other reason except do you want to help the American producers to sell abroad and allow them to help themselves.

That is the thrust of this legislation.

I yield back the balance of my time.

Mr. GRASSLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to this amendment. I do so because it looks to me as if it is just simply a case of a few big banks in this country that are jealous of a little competition and that we want to take this opportunity to bring about competition in export financing. That is what the American system is all about, to give some opportunity to give the farm sector—through cooperatives—to be a more beneficial tool in promoting exports than the farm sector has had in the past, and unless we provide the farm sector that tool, it will not be as successful in the expansion of farm exports in the 1980's.

Broader competition in export financing is necessary if we are to expand our farm exports the way we must in order to take care of our productivity on the farms, not only is this true of raw commodities but foods that are processed by our cooperatives.

I think the larger banks, the ones with billions and billions of deposits, do not need to be fearful of this competition. I think without this competition, in fact, we are not going to give the alternative of selling a few products overseas to the co-ops of this country. Just a little bit of modest competition is not going to hurt our strong private banking industry. That is what this bill does.

Then I also find it necessary to respond to what the gentleman from Rhode Island (Mr. ST GERMAIN) said inferring that there were not adequate hearings on this, that there was not sufficient time spent on this legislation in committee. The time element that was injected into this debate of "4 hours" really does not tell the story very well, because you want to remember that there were six field hearings on this bill held around the country. In every one of these field hearings, this issue came up. This whole subject of export financing was brought up. So this was well considered in the committee.

Then I find it necessary, when a person from the Banking Committee takes the floor of the House to chastise the Committee on Agriculture and suggest that maybe we have not done our homework well enough on this bill, to remind the members of the Committee on Banking, Finance and Urban Affairs that I was a member of the Committee on Banking for 4 of the 6 years I have been in the House. I have been a member of the Agriculture Committee for all of those 6 years as well. The Agriculture Committee has a fine track record for bringing bills to the floor that have met approval on the floor of the House.

Serving on both, let me assure you that the work is done well on the Committee on Agriculture. I am not here to say that the work is not done well on the Banking Committee. I have many friends on that committee and I hold them in high regard and I do not wish to suggest that the Banking Committee does not work hard and diligently on the legislation it reports.

However, exports of agricultural commodities are vital to the economy of this country. And, large financial institutions are no doubt aware of this. During the last fiscal year, we exported more than $40 billion of farm products. Without these exports, our balance of payments would have run a huge deficit and our farm economy and our total economy would be near collapse.

Cooperatives play an important part in our farm exports. In the last few years interest in farm cooperative exports has increased and it has provided a small but healthy competitive element into export of our farm products. This bill would provide banks for cooperatives to provide a range of financial services in the case of export transactions which commercial banks are now the only ones able to provide such services. There is no reason why banks for cooperatives should not be able to provide some small amount of such services.

□ 1710

The debate seems to be resolving itself into a rural-urban debate. There is no necessity for that. Rural areas are not the only ones who benefit from co-ops. That may have been where the movement started. But the whole point must be that the urban people benefit as much when exports are expanded. And that is what this bill is all about. We want to expand these exports. I believe this bill contains adequate safeguards to review the expansion of farm credit export financing. So I hope that the Members will look at this bill for the good that it is going to do for the entire country and not just for rural America and vote against this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Massachusetts (Mrs. HECKLER).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mrs. HECKLER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. Pursuant to the provisions of clause 2, rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 644]

Abdnor	Chappell	Filippo
Addabbo	Cheney	Florio
Akaka	Chisholm	Foley
Albosta	Cleveland	Ford, Mich.
Alexander	Clinger	Ford, Tenn.
Ambro	Coelho	Forsythe
Anderson, Calif.	Coleman	Fountain
	Collins, Tex.	Fowler
Annunzio	Conable	Frenzel
Applegate	Convers	Frost
Archer	Corcoran	Fuqua
Ashbrook	Coughlin	Gaydos
Aspin	Courter	Gephardt
Atkinson	Crane, Philip	Giaimo
AuCoin	Daniel, Dan	Gibbons
Badham	Daniel, R. W.	Gilman
Bafalis	Danielson	Gingrich
Bailey	Dannemeyer	Glickman
Barnard	Daschle	Gonzalez
Barnes	Davis, Mich.	Goodling
Bauman	de la Garza	Gore
Beard, Tenn.	Deckard	Gradison
Bedell	Dellums	Gramm
Bellenson	Devine	Grassley
Benjamin	Dicks	Gray
Bennett	Dixon	Green
Bereuter	Donnelly	Grisham
Bethune	Dornan	Guarini
Biaggi	Dougherty	Gudger
Bingham	Downey	Guyer
Blanchard	Drinan	Hagedorn
Boggs	Duncan, Oreg.	Hall, Ohio
Boland	Duncan, Tenn.	Hall, Tex.
Boner	Edgar	Hamilton
Bonker	Edwards, Ala.	Hammer-schmidt
Bouquard	Edwards, Okla.	
Bowen	Emery	Hance
Brademas	English	Henley
Breaux	Erdahl	Hansen
Brinkley	Erlenborn	Harkin
Brodhead	Ertel	Harris
Broomfield	Evans, Del.	Hawkins
Brown, Calif.	Evans, Ind.	Heckler
Broyhill	Fary	Hefner
Buchanan	Fascell	Heftel
Burton, Phillip	Fazio	Hightower
Butler	Fenwick	Hillis
Byron	Ferraro	Hinson
Campbell	Findley	Holland
Carney	Fish	Hollenbeck
Carter	Fisher	Holt
Cavanaugh	Fithian	Hopkins
Horton	Minish	Shuster
Howard	Mitchell, N.Y.	Simon
Hubbard	Moakley	Skelton
Huckaby	Mollohan	Smith, Iowa
Hughes	Montgomery	Smith, Nebr.
Hutchinson	Moore	Snowe
Hutto	Moorhead, Calif.	Snyder
Hyde		Solarz
Ichord	Mottl	Solomon
Ireland	Murphy, Ill.	Spence
Jacobs	Murphy, Pa.	St Germain
Jeffords	Musto	Stack
Jeffries	Myers, Ind.	Staggers
Johnson, Calif.	Natcher	Stangeland
Johnson, Colo.	Nelson	Stanton
Jones, N.C.	Nichols	Stark
Jones, Okla.	Nowak	Steed
Jones, Tenn.	Oakar	Stenholm
Kastenmeier	Oberstar	Stewart
Kazen	Obey	Stockman
Kildee	Ottinger	Stokes
Kindness	Panetta	Stratton
Kogovsek	Pashayan	Studds
Kostmayer	Patterson	Stump
Kramer	Paul	Swift
LaFalce	Pease	Synar
Lagomarsino	Pepper	Tauke
Latta	Perkins	Tauzin
Leach, Iowa	Petri	Thomas
Leach, La.	Peyser	Traxler
Leath, Tex.	Pickle	Trible
Lederer	Price	Udall
Lee	Pritchard	Van Deerlin
Leland	Quayle	Vander Jagt
Lent	Quillen	Vanik
Lewis	Rahall	Vento
Livingston	Railsback	Volkmer
Loeffler	Rangel	Walgren
Long, La.	Ratchford	Walker
Long, Md.	Regula	Wampler
Lowry	Reuss	Watkins
Lujan	Rhodes	Waxman
Luken	Richmond	Weaver
Lundine	Rinaldo	Weiss
Lungren	Ritter	White
McClory	Robinson	Whitley
McDade	Rodino	Whittaker
McHugh	Rose	Whitten
McKay	Rosenthal	Williams, Mont.
McKinney	Rostenkowski	Williams, Ohio
Madigan	Roth	Wilson, Tex.
Maguire	Rousselot	Winn
Markey	Roybal	Wirth
Marks	Royer	Wolff
Marlenee	Rudd	Wolpe
Marriott	Russo	Wyatt
Martin	Sabo	Wylie
Matsui	Sawyer	Yates
Mattox	Schroeder	Yatron
Mavroules	Schulze	Young, Alaska
Mazzoli	Sebelius	Young, Fla.
Mica	Selberling	Young, Mo.
Mikulski	Sensenbrenner	Zablocki
Miller, Calif.	Shannon	Zeferetti
Miller, Ohio	Sharp	
Mineta	Shelby	

□ 1720

The CHAIRMAN. Three hundred and forty-nine Members have answered to their names, a quorum is present, and the Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentlewoman from Massachusetts (Mrs. HECKLER) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 47, noes 328, not voting 57, as follows:

[Roll No. 645]

AYES—47

Anderson, Calif.	Evans, Del.	Lungren
	Fenwick	McDonald
Archer	Fish	McKinney
Badham	Frenzel	Martin
Barnard	Goldwater	Mavroules
Bennett	Green	Miller, Ohio
Broomfield	Hall, Ohio	Moorhead, Pa.
Cleveland	Hanley	Paul
Collins, Tex.	Heckler	Regula
Conte	Hinson	Rinaldo
Coughlin	Hollenbeck	Rousselot
D'Amours	Hyde	St Germain
Dornan	Jacobs	Stanton
Drinan	Jeffords	Stark
Edwards, Ala.	Kindness	Wylie
Erlenborn	Lent	Zeferetti

NOES—328

Abdnor	Fowler	Moore
Addabbo	Frost	Moorhead, Calif.
Akaka	Fuqua	Mottl
Albosta	Gaydos	Murphy, Ill.
Alexander	Gephardt	Murphy, Pa.
Ambro	Giaimo	Musto
Andrews, N.C.	Gibbons	Myers, Ind.
Annunzio	Gilman	Natcher
Anthony	Gingrich	Nelson
Applegate	Glickman	Nichols
Ashbrook	Gonzalez	Nowak
Aspin	Goodling	Oakar
Atkinson	Gore	Oakar
AuCoin	Gradison	Oberstar
Bafalis	Gramm	Obey
Bailey	Grassley	Ottinger
Barnes	Gray	Panetta
Bauman	Grisham	Pashayan
Beard, Tenn.	Guarini	Patterson
Bedell	Gudger	Pease
Bellenson	Guyer	Pepper
Benjamin	Hagedorn	Perkins
Bereuter	Hall, Tex.	Petri
Bethune	Hamilton	Peyser
Biaggi	Hammer-schmidt	Pickle
Bingham	Hance	Porter
Blanchard	Hansen	Preyer
Boggs	Harkin	Price
Boland	Harris	Pritchard
Boner	Hawkins	Quayle
Bonior	Hefner	Quillen
Bonker	Heftel	Rahall
Bouquard	Hightower	Railsback
Bowen	Hillis	Rangel
Brademas	Holland	Ratchford
Breaux	Holt	Reuss
Brinkley	Hopkins	Rhodes
Brodhead	Horton	Richmond
Brown, Calif.	Howard	Ritter
Broyhill	Hubbard	Roberts
Buchanan	Huckaby	Robinson
Burton, John	Hughes	Rodino
Burton, Phillip	Hutchinson	Rose
Butler	Hutto	Rosenthal
Byron	Ichord	Rostenkowski
Campbell	Ireland	Roth
Carney	Jeffries	Roybal
Carter	Jenkins	Royer
Cavanaugh	Johnson, Calif.	Rudd
Chappell	Johnson, Colo.	Russo
Cheney	Jones, N.C.	Sabo
Chisholm	Jones, Okla.	Santini
Clausen	Jones, Tenn.	Sawyer
Clinger	Kastenmeier	Scheuer
Coelho	Kazen	Schroeder
Coleman	Kildee	Schulze
Conable	Kogovsek	Sebelius
Conyers	Kostmayer	Seiberling
Corcoran	Kramer	Sensenbrenner
Courter	LaFalce	Shannon
Crane, Phillip	Lagomarsino	Sharp
Daniel, Dan	Latta	Shelby
Daniel, R. W.	Leach, Iowa	Shuster
Danielson	Leach, La.	Simon
Dannemeyer	Leath, Tex.	Skelton
Daschle	Lederer	Smith, Iowa
Davis, Mich.	Lee	Smith, Nebr.
Davis, S.C.	Leland	Snowe
de la Garza	Lewis	Snyder
Deckard	Livingston	Solarz
Derwinski	Lloyd	Solomon
Devine	Loeffler	Spence
Dicks	Long, La.	Stack
Dingell	Long, Md.	Staggers
Dixon	Lott	Stangeland
Donnelly	Lowry	Steed
Dougherty	Lujan	Stenholm
Downey	Luken	Stewart
Duncan, Oreg.	Lundine	Stockman
Duncan, Tenn.	McClory	Stokes
Eckhardt	McDade	Stratton
Edgar	McHugh	Studds
Edwards, Calif.	McKay	Stump
Edwards, Okla.	Madigan	Swift
Emery	Maguire	Synar
English	Markey	Tauke
Erdahl	Marks	Tauzin
Evans, Ga.	Marlenee	Thomas
Evans, Ind.	Marriott	Traxler
Fary	Mathis	Trible
Fascell	Matsui	Udall
Fazio	Mattox	Van Deerlin
Ferraro	Mazzoli	Vander Jagt
Findley	Mica	Vanik
Fisher	Michel	Vento
Fithian	Mikulski	Volkmer
Flippo	Miller, Calif.	Walgren
Florio	Mineta	Walker
Foley	Minish	Wampler
Ford, Mich.	Mitchell, N.Y.	Watkins
Ford, Tenn.	Moakley	Waxman
Forsythe	Mollohan	Weaver
Fountain	Montgomery	Weiss
		White
Whitley	Winn	Yates
Whittaker	Wirth	Yatron
Whitten	Wolff	Young, Alaska
Williams, Mont.	Wolpe	Young, Fla.
Williams, Ohio	Wright	Young, Mo.
Wilson, Tex.	Wyatt	Zablocki

NOT VOTING—57

Anderson, Ill.	Derrick	Neal
Andrews, N.Dak.	Dickinson	Nedzi
Ashley	Dodd	Nolan
Baldus	Early	O'Brien
Beard, R.I.	Garcia	Patten
Bevill	Ginn	Pursell
Bolling	Harsha	Roe
Brooks	Holtzman	Satterfield
Brown, Ohio	Jenrette	Shumway
Burgener	Kelly	Spellman
Burlison	Kemp	Symms
Carr	Lehman	Taylor
Clay	Levitas	Thompson
Collins, Ill.	McCloskey	Ullman
Corman	McCormack	Whitehurst
Cotter	McEwen	Wilson, Bob
Crane, Daniel	Mitchell, Md.	Wilson, C. H.
Crockett	Moffett	Wydler
Dellums	Murphy, N.Y.	
	Murtha	

□ 1730

The Clerk announced the following pairs:

Mr. Thompson with Mr. Symms.
Mr. Baldus with Mr. Wydler.
Mr. Brooks with Mr. Brown of Ohio.
Mr. Phillip Burton with Mr. McCloskey.
Mr. Corman with Mr. Pursell.
Mr. Wolff with Mr. Bob Wilson.
Mr. Hanley with Mr. Beard of Tennessee.
Mr. Giaimo with Mr. Burgener.
Mr. Dodd with Mr. Hollenbeck.
Mr. Cotter with Mr. Kemp.
Mr. Roe with Mr. O'Brien.
Mr. Murtha with Mr. Whitehurst.
Mr. Murphy of New York with Mr. Taylor.
Mr. Mitchell of Maryland with Mr. Andrews of North Dakota.
Mr. Crockett with Mr. Daniel B. Crane.
Mr. Annunzio with Mr. Dickinson.
Mr. Ashley with Mr. Pashayan.
Mr. Bevill with Mr. Shumway.
Mr. Burlison with Mr. Williams of Ohio.
Mr. Jones of North Carolina with Mr. Kelly.
Mr. Reuss with Mr. John L. Burton.
Mr. Beard of Rhode Island with Mr. Waxman.
Mr. Clay with Mr. Jenrette.
Mr. Early with Mr. Garcia.
Mrs. Chisholm with Mr. Nolan.
Mr. Levitas with Mr. Charles H. Wilson of California.
Mr. Neal with Mr. Nedzi.
Mr. Satterfield with Mr. Hall of Ohio.
Mrs. Schroeder with Mr. Stark.
Mr. Ullman with Mr. Derrick.
Mr. Ginn with Mr. McCormack.
Mr. Bonker with Mrs. Collins of Illinois.

Mr. PASHAYAN changed his vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there further amendments to title III?

If not, the Clerk will designate title IV.

Title IV reads as follows:

TITLE IV—PROVISIONS APPLICABLE TO TWO OR MORE CLASSES OF INSTITUTIONS OF THE SYSTEM

SEC. 401. Section 4.5 of the Farm Credit Act of 1971 is amended by—

(1) striking out in the first sentence "presidents of each bank" and inserting in lieu thereof "president of each bank or the president's designee"; and

(2) striking out in the third sentence "subcommittee's" and inserting in lieu thereof "subcommittees."

SEC. 402. Section 4.10 of the Farm Credit Act of 1971 is amended by striking out "name" and inserting in lieu thereof "same".

SEC. 403. Title IV of the Farm Credit Act of 1971 is amended by adding new sections 4.17, 4.18, and 4.19 as follows:

SEC. 4.17. INTEREST RATES.—Interest rates on loans from institutions of the Farm Credit System shall be determined with the approval of the Farm Credit Administration as provided in this Act, notwithstanding any interest rate limitation imposed by any State constitution or statute or other law(s) which are hereby preempted for purposes of this Act. Interest rates on loans made by agricultural credit corporations organized in conjunction with cooperative associations for the purpose of financing the ordinary crop operations of the members of such associations or other producers and eligible to discount with the Federal intermediate credit banks pursuant to section 2.3 of this Act shall be exempt from any interest rate limitation imposed by any State constitution or statute or other law(s) which are hereby preempted for purposes of this Act.

"SEC. 4.18. PARTICIPATION LOANS.—Notwithstanding any other provisions of this Act, the terms of any loan participated in by two or more Farm Credit System institutions operating under different titles of this Act, including provisions for capitalization of the portion of the loan participated in by each institution, shall be as may be agreed upon among such institutions and authorized by the Farm Credit Administration, except that for purposes of determining borrower eligibility, membership, term, amount, loan security, and purchase of stock or participation certificates by the borrower, the provisions of law applicable to the loan shall be the provisions in the title under which the institution that originates the loan operates.

"SEC. 4.19. YOUNG, BEGINNING, AND SMALL FARMERS AND RANCHERS.—

"(a) Under policies of the district board, each Federal land bank association and production credit association shall prepare a program for furnishing sound and constructive credit and related services to young, beginning, and small farmers and ranchers. Such programs shall assure that such credit and services are available in coordination with other units of the Farm Credit System serving the territory and with other governmental and private sources of credit. Each program shall be subject to review and approval by the supervising bank.

"(b) The Federal land bank and the Federal intermediate credit bank for each district shall annually obtain from associations under their supervision reports of activities under programs developed pursuant to subsection (a) of this section and progress toward program objectives. On the basis of such reports, the banks shall provide to the Farm Credit Administration a joint annual report summarizing the operations and achievements in their district under such programs.".

SEC. 404. Title IV of the Farm Credit Act of 1971 is amended by adding at the end thereof new parts D and E as follows:

"PART D—SERVICE ORGANIZATIONS

"SEC. 4.25. ESTABLISHMENT.—Any bank of the Farm Credit System, or two or more of such banks acting together, may organize a corporation or corporations for the purpose of performing functions and services for or on behalf of the organizing bank or banks that the bank or banks may perform pursuant to this Act: *Provided*, That a corporation so organized shall have no authority either to extend credit or provide insurance services for borrowers from Farm Credit System institutions, nor shall it have any greater authority with respect to functions and services than the organizing bank or banks possess under this Act. The organizing bank or banks shall apply for a Federal charter for the corporation by forwarding to the Governor of the Farm Credit Administration a statement of the need for the

corporation and proposed articles specifying in general terms the objectives for which the corporation is formed, the powers to be exercised by it in carrying out the functions and services, and the territory it is to serve. The Governor for good cause may deny the charter applied for. Upon the approval of articles by the Governor and the issuance of a charter, the corporation shall become as of such date a federally chartered body corporate and an instrumentality of the United States.

"SEC. 4.26. POWERS OF THE GOVERNOR.—The Governor shall have power, under rules and regulations prescribed by the Governor or by prescribing in the terms of the charter or by approval of the bylaws of the corporation, to provide for the organization of any corporation chartered under this part and the territory within which its operations may be carried on, and to direct at any time such changes in its charter as he finds necessary for the accomplishment of the purposes of this Act. The powers of the Governor to provide for the organization of any corporation chartered under this part include, but are not limited to approval of—

"(1) corporate title;

"(2) general corporate powers;

"(3) eligibility for membership on, and the powers, composition, selection, terms, and compensation of the board of directors;

"(4) classes, issuance, value, and retirement of stock;

"(5) sources of operating funds;

(6) dissolution, liquidation, and distribution of assets on liquidation; and

"(7) application and distribution of earnings.

"SEC. 4.27. SUPERVISION AND EXAMINATION.—The corporations organized under this part shall be institutions of the Farm Credit System and shall be subject to the same supervision and examination by the Farm Credit Administration as are the organizing bank or banks under this Act.

"SEC. 4.28. STATE LAWS.—State and other laws shall apply to corporations organized pursuant to this part to the same extent such laws would apply to the organizing bank(s) engaged in the same activity in the same jurisdiction: *Provided, however,* That to the extent that sections 1.21, 2.8, and 3.13 of this Act may exempt banks of the Farm Credit System from taxation, such exemptions, other than with respect to franchise taxes, shall not extend to corporations organized pursuant to this part.

"PART E—SALE OF INSURANCE

"SEC. 4.29. LINES OF INSURANCE.—(a) The regulations of the Farm Credit Administration governing financially related services that the banks and associations of the Farm Credit System may provide under sections 1.11, 1.15, 2.5, and 2.16 of this Act may authorize the sale to any member of any such bank or association, on an optional basis, of credit or term life and credit disability insurance appropriate to protect the loan commitment in the event of death or disability of the debtors and other insurance necessary to protect the member's farm or aquatic unit, but limited to, hail and multiple-peril crop insurance, title insurance, and insurance to protect the facilities and equipment of aquatic borrowers.

"(b) Such regulations shall provide that—

"(1) in any case in which insurance is required as a condition for a loan or other financial assistance from a bank or association, notice be given that it is not necessary to purchase the insurance from the bank or association and that the borrower has the option of obtaining the insurance elsewhere;

"(2) such insurance services may be offered only if—

"(i) the bank or association has the capacity to render insurance service under this Act in an effective and efficient manner;

"(ii) there exists the probability that any insurance program under this Act will generate sufficient revenue to cover all costs; and

"(iii) rendering insurance service will not have an adverse effect on the bank's or association's credit or other operations; and

"(3) no bank or association shall directly or indirectly discriminate in any manner against any agent, broker, or insurer that is not affiliated with such bank or association, or against any party who purchases insurance through any such nonaffiliated insurance agent, broker, or insurer.

"(c) Notwithstanding any provision of this section to the contrary, any bank or association that on the date of enactment of the Farm Credit Act Amendments of 1980, is offering insurance coverages not authorized by this section may continue to sell such coverages for a period of not more than one year from such date of enactment and may continue to service such coverages until their expiration.".

AMENDMENT OFFERED BY MR. HUCKABY

Mr. HUCKABY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HUCKABY: Page 26, strike out lines 10 and 11 and insert in lieu thereof the following: "amended by adding new sections 4.17, 4.18, 4.19, and 4.20 as follows:".

Page 28, insert after line 11 the following:

"SEC. 4.20. LOCATION OF BANK.—Unless an existing district bank of the Farm Credit System is merged with one or more other such banks under section 4.10 of this Act, no district bank may move its principal office from the city in which it is located on the date of enactment of the Farm Credit Act Amendments of 1980 without the approval of that action by the Federal Farm Credit Board, and unless that district bank can exhibit clear economic justification to the Federal Farm Credit Board for such a move. The board of directors of a farm credit district shall notify the Federal Farm Credit Board at least ninety days before a vote by that district's board of directors to move the principal office of that district from the city in which it is located on the date of enactment of the Farm Credit Act Amendments of 1980. The Federal Farm Credit Board shall promptly notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate that it has received such notification of intent to move the principal office of a farm credit district from that district's board of directors. The Federal Farm Credit Board shall not approve such a move of a principal office of a farm credit district until ninety days have elapsed from the date of approval of a move of a principal office by the district's board of directors."

Mr. HUCKABY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

□ 1740

Mr. HUCKABY. Mr. Chairman, the purpose of this amendment is that from time to time in the last 50 years there has been possible consideration of moving 1 of 12 various farm credit system banks located in the country from one city or another to one State or another. This amendment simply states that in order for one of the existing 12 bank locations to change its domicile that this bank must demonstrate to the Federal Board clear economic reasons for making that move.

Mr. LOTT. Mr. Chairman, will the gentleman yield?

Mr. HUCKABY. I yield to the gentleman from Mississippi.

Mr. LOTT. Mr. Chairman, we did dispense with the reading of this amendment and it has been handled in an expeditious manner.

I would like to ask a couple of questions about the amendment.

This would say, in effect, for any of these district bank offices to be moved from a city in this country that there would have to be notice within 90 days to the Board here in Washington; is that correct?

Mr. HUCKABY. That is correct, that Federal Board.

Mr. LOTT. Is it not a fact that in at least three instances that these offices are being considered for new locations?

Mr. HUCKABY. From time to time over the last 50 years various potential moves have been considered. There has been but one major move from one city to another during that period of time.

Mr. LOTT. I understand the argument of the gentleman that we should have economic justification considered in these moves.

I am concerned though, that, you know, here in this legislation, that we are trying to control what should be really an administrative decision.

The gentleman took out the language on the standard metropolitan statistical area, is that correct?

Mr. HUCKABY. The gentleman is correct. That was done at the request of the gentleman from Mississippi (Mr. LOTT).

Mr. LOTT. Mr. Chairman, I thank the gentleman for yielding.

Mr. HUCKABY. Mr. Chairman, I yield back the balance of my time.

Mr. HINSON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to this amendment offered by the gentleman from Louisiana. I do so reluctantly, because we have attempted to work out a compromise on the matter but I feel it is unsuccessful and I feel the necessity of opposing the gentleman's language.

Mr. Chairman, this amendment is going to provide that a district bank of the farm credit system, unless it is merged with one or more other banks, would not be allowed to move its principal offices from the city in which it is located without approval of that action by the Federal Farm Credit Board. The Board would then have to notify the Committee on Agriculture of the House and the Committee on Agriculture of the Senate of its intent to move and no approval could be given until 90 days had elapsed from the day the committees were notified.

Mr. Chairman, this amendment represents a major and radical shift in Federal policy. I feel that the Congress ought not to be in the business of approving or disapproving moves of this nature as it represents an unnecessary Government restriction on the administrative decisionmaking authority of the

farm credit banks. If compelling reasons to make such a move are provided, the men who sit on the boards of the farm credit banks ought to have the opportunity to make their well-founded and informed decisions without being subject to political pressures.

Mr. Chairman, this measure imposes new duties upon the Farm Credit Board, duties which it did not request and which, as it is presently constituted, it is not qualified to perform.

The main reason the gentleman from Louisiana is bringing up this amendment is because the farm credit banks in his own State are now contemplating a move from the city of New Orleans. I do not feel that this is the proper approach for resolving such a dispute and I do not believe the House of Representatives is the proper forum.

Furthermore, Mr. Chairman, I do not believe we ought to saddle the Congress with this kind of housekeeping, in-house administrative chore.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. HINSON. I will be happy to yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Chairman, I agree with the gentleman. This is probably an amendment that should not be offered. It is a matter that should be worked out between the State of Louisiana and the State of Mississippi. However, I would like to point out to our colleagues here that the board of directors of the New Orleans Bank that this amendment affects is totally opposed to the Huckaby amendment. They do not want it. It ties their hands. Is that not correct?

Mr. HINSON. The gentleman is correct. The Board is adamantly opposed as is the impartial study they had conducted which concludes that the present bank location is no longer adequate.

Mr. MONTGOMERY. The Huckaby amendment says the Board of Directors cannot make a decision if they want to move their bank to another location, that the decis'on would have to come from Washington.

Mr. HINSON. That is correct.

Mr. MONTGOMERY. So we are tying their hands, is that correct?

Mr. HINSON. The gentleman is correct. What this does is remove the authority from the farm credit banks of America throughout the country and centralizes it in Washington. It has never been centralized here.

Mr. MONTGOMERY. Mr. Chairman, if the gentleman would yield further, it would seem to me the amendment should be defeated. We are not going to take much time on it, but it is a bad amendment. It does not belong in the bill.

Mr. HINSON. I thank the gentleman for his comments.

The Huckaby amendment also provides that unless an existing district bank of the farm credit system is merged with one or more such banks, that bank must maintain its principal offices within the standard metropolitan statistical area within which it is located.

Now, I think the amendment of the gentleman from Louisiana has been adapted to include the change of those words, "standard metropolitan statistical area," to the word "city."

Mr. Chairman, since I have already referred to the relocation of the New Orleans farm credit banks, I would like to use them as a case in point.

In a letter from the board of directors of the Farm Credit Banks of New Orleans, several reasons were cited for their consideration of this move. Its present location does not satisfy future space requirements. It is not located within the confines of what would be considered a desirable site for a multibillion-dollar financial institution.

Mr. JONES of Tennessee. Mr. Chairman, will the gentleman from Mississippi yield?

Mr. HINSON. I will be delighted to yield to the gentleman from Tennessee.

Mr. JONES of Tennessee. I thank the gentleman for yielding.

Mr. Speaker, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HUGHES, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7548) to amend the Farm Credit Act of 1971 to permit Farm Credit System institutions to improve their services to borrowers, and for other purposes, had come to no resolution thereon.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate has passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 434. Concurrent resolution to honor Raoul Wallenberg, and to express the sense of Congress that the U.S. delegation to the Madrid Conference on Security and Cooperation in Europe urge consideration of the case of Raoul Wallenberg at that meeting, and to request that the Department of State take all possible action to obtain information concerning his present status and secure his release.

The message also announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a concurrent resolution of the House of the following title:

H. Con. Res. 448. Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal years 1981, 1982, and 1983.

The message also announced that the Senate insists upon its amendment to the concurrent resolution (H. Con. Res. 448) entitled "Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal years 1981, 1982, and 1983," requests a conference with the House of Representatives on the disagreeing votes of the two Houses thereon, and appoints Mr. HOLLINGS, Mr. CHILES, Mr. BIDEN, Mr. MOYNIHAN, Mr. METZENBAUM, Mr. EXON, Mr. BELLMON, Mr. DOMENICI, Mr. ARMSTRONG, and Mr. PACKWOOD be the conferees on the part of the Senate.

□ 1750

APPOINTMENT OF CONFEREES ON HOUSE CONCURRENT RESOLUTION 448, SECOND CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1981

Mr. GIAIMO. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the concurrent resolution (H. Con. Res. 448) revising the congressional budget for the U.S. Government for the fiscal years 1981, 1982, and 1983, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference requested by the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut? The Chair hears none, and appoints the following conferees: Messrs. GIAIMO, SIMON, MINETA, JONES of Oklahoma, SOLARZ, GEPHARDT, GRAY, LATTA, REGULA, and RUDD.

PERMISSION TO FILE CONFERENCE REPORT ON HOUSE CONCURRENT RESOLUTION 448, SECOND CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1981

Mr. GIAIMO. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the concurrent resolution (H. Con. Res. 448) revising the congressional budget for the U.S. Government for the fiscal years 1981, 1982, and 1983.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

MAKING IN ORDER ON OR AFTER THURSDAY, NOVEMBER 20, 1980, CONSIDERATION OF CONFERENCE REPORT ON HOUSE CONCURRENT RESOLUTION 448, SECOND CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1981

Mr. GIAIMO. Mr. Speaker, I ask unanimous consent that it be in order on or after Thursday, November 20, 1980, to consider the conference report on the concurrent resolution (H. Con. Res. 448) revising the congressional budget for the U.S. Government for the fiscal years 1981, 1982, and 1983.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

BOUNDARY EXPANSION OF CRATER LAKE NATIONAL PARK AND ESTABLISHMENT OF WOMEN'S RIGHTS NATIONAL HISTORICAL PARK

Mr. PHILLIP BURTON. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs be discharged from further consideration of the bill (H.R. 8350) for boundary expansion of Crater Lake National Park in the State of Oregon and the establishment of the Women's Rights National Historical Park in the State of New

York, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. CLAUSEN. Mr. Speaker, reserving the right to object, I just want to get some clarification.

The gentleman is talking about the Crater Lake National Park and the three other items we passed in the committee just the other day?

Mr. PHILLIP BURTON. Mr. Speaker, will the gentleman yield?

Mr. CLAUSEN. I yield to the gentleman from California.

Mr. PHILLIP BURTON. That is correct. These are the same items we have passed at least twice or three times before on the floor.

Mr. CLAUSEN. They have already cleared the floor of the House before?

Mr. PHILLIP BURTON. That is correct.

Mr. CLAUSEN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SEC. 101. The first section of the Act entitled, "An Act reserving from the public lands in the State of Oregon, as a public park for the benefit of the people of the United States, and for the protection and preservation of the game, fish, timber, and all other natural objects therein, a tract of land herein described, and so forth," approved May 22, 1902 (32 Stat. 202), is amended to read as follows:

"That in order to preserve for the benefit, education, and inspiration of the people of the United States certain unique and ancient volcanic features, including Crater Lake, together with significant forest and fish and wildlife resources, there is hereby established the Crater Lake National Park in the State of Oregon. The boundary of the park shall encompass the lands, waters, and interest therein within the area generally depicted on the map entitled, 'Crater Lake National Park, Oregon,' numbered 106-80,001, and dated February 1980, which shall be on file and available for public inspection in the office of the National Park Service, Department of the Interior. Lands, waters, and interests therein within the boundary of the park which were within the boundary of any national forest are excluded from such national forest and the boundary of such national forest is revised accordingly."

SEC. 102. The Act entitled "An Act to add certain land to the Crater Lake National Park in the State of Oregon, and for other purposes", approved May 14, 1932 (47 Stat. 155), is repealed.

TITLE II

SEC. 201. (a) The Congress finds that—

(1) The Women's Rights Convention held at the Wesleyan Methodist Chapel in Seneca Falls, New York, in 1848 is an event of major importance in the history of the United States because it marks the formal beginning of the struggle of women for their equal rights.

(2) The Declaration of Sentiments approved by the 1848 Women's Rights Convention is a document of enduring relevance, which expresses the goal that equality and justice should be extended to all people without regard to sex.

(3) There are nine sites located in Seneca Falls and Waterloo, New York, associated with the nineteenth century women's rights movement which should be recognized, preserved, and interpreted for the benefit of the public.

(b) It is the purpose of this section to preserve and interpret for the education, inspiration, and benefit of present and future generations the nationally significant historical and cultural sites and structures associated with the struggle for equal rights for women and to cooperate with State and local entities to preserve the character and historic setting of such sites and structures.

(c) To carry out the purpose of this section there is hereby established the Women's Rights National Historical Park (hereinafter in this section referred to as the "park"). The park shall consist initially of the following designated sites in Seneca Falls and Waterloo, New York:

(1) Stanton House, 32 Washington Street, Seneca Falls;

(2) dwelling, 30 Washington Street, Seneca Falls;

(3) dwelling, 34 Washington Street, Seneca Falls;

(4) lot, 26-28 Washington Street, Seneca Falls;

(5) former Wesleyan Chapel, 126 Fall Street, Seneca Falls;

(6) theater, 128 Fall Street, Seneca Falls;

(7) Bloomer House, 53 East Bayard Street, Seneca Falls;

(8) McClintock House, 16 East Williams Street, Waterloo; and

(9) Hunt House, 401 East Main Street, Waterloo.

(d) In addition to the foregoing sites, the Secretary is authorized, with the concurrence of the owners, to designate, by publication of notice to that effect in the Federal Register, other sites in the United States which he determines illustrate the development of the struggle for women's rights in the nineteenth century, and sites so designated shall thereupon become part of the park.

(e) The Secretary is authorized to acquire by donation, purchase with donated or appropriated funds, transfer from any other Federal agency, or exchange lands and interests therein within sites designated as part of the park, except that the Secretary may not acquire the fee simple title to the land comprising the sites designated in paragraphs (7) through (9) of subsection (c) or any sites designated pursuant to subsection (d). Lands and interests therein owned by a State or political subdivision thereof may be acquired only by donation.

(f) The Secretary is authorized to enter into cooperative agreements with the owners of properties designated as part of the park, pursuant to which the Secretary may mark, interpret, improve, restore, and provide technical assistance with respect to the preservation and interpretation of such properties. Such agreements shall contain, but need not be limited to, provisions that the Secretary shall have the right of access at reasonable times to public portions of the property for interpretive and other purposes, and that no changes or alterations shall be made in the property except by mutual agreement.

(g) The Secretary shall encourage State and local governmental agencies to develop and implement plans for the preservation and rehabilitation of sites designated as part of the park and their immediate environs, in order to preserve the historic character of the setting in which such sites are located. The Secretary may provide technical and financial assistance to such agencies in the development and implementation of such plans, but financial assistance may not exceed 50 per centum of the cost thereof.

(h) The Secretary shall administer the park in accordance with the provisions of this section and the provisions of law generally applicable to the administration of units of the national park system, including the Act of August 25, 1916 (39 Stat. 535; 16 U.S.C. 1, 2-4) and the Act of August 21, 1935 (49 Stat. 666; 16 U.S.C. 461-7).

(i)(1) There is hereby established the Women's Rights National Historical Park Advisory Commission (hereinafter referred to as the "Commission"). The Commission shall consist of eleven members, each appointed by the Secretary for a term of five years as follows:

(A) One member appointed from recommendations submitted by the Elizabeth Cady Stanton Foundation;

(B) One member appointed from recommendations submitted by the Women's Hall of Fame;

(C) Two members appointed from recommendations submitted by the Governor of New York;

(D) One member appointed from recommendations submitted by the village of Seneca Falls;

(E) One member appointed from recommendations submitted by the town of Seneca Falls; and

(F) Five members appointed by the Secretary, at least one of whom shall represent an institution of higher learning and at least two of whom shall represent national women's right organizations.

(2) The Secretary shall designate one member to be the Chair of the Commission. Any vacancy on the Commission shall be filled in the same manner in which the original appointment was made.

(3) Members of the Commission shall serve without compensation as such, but the Secretary may pay the expenses reasonably incurred by the Commission and its members in carrying out their responsibilities under this section upon presentation of vouchers signed by the Chair of the Commission.

(4) The function of the Commission shall be to advise the Secretary with respect to matters relating to the administration of the park and the carrying out of the provisions of this section. The Secretary shall consult with the Commission from time to time with respect to his responsibilities and authorities under this section.

(5) The Commission shall terminate ten years from the effective date of this section.

(j) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, but not to exceed $490,000 for acquisition, and $500,000 for development.

TITLE III

SEC. 301. The Act of October 27, 1972 (86 Stat. 1299; 16 U.S.C. 460bb) is amended as follows:

(1) in subsection 2(a), at the end thereof, add the following: "The recreation area shall also include the lands and waters in San Mateo County generally depicted on the map entitled 'Sweeney Ridge Addition, Golden Gate National Recreation Area,' numbered NRA GG-80,000-A, and dated May 1980.";

(2) strike out "map" in section 2(b) and substitute "maps";

(3) by adding "Point Montara," after "Point Diablo," in section 3(g);

(4) add the following at the end of section 3(h): "That property known as the Pillar Point Military Reservation, under the jurisdiction of the Secretary of Defense, shall be transferred to the administrative jurisdiction of the Secretary at such time as the property, or any portion thereof, becomes excess to the needs of the Department of Defense.";

(5) add at the end of section 3 the following:

"(p) With reference to those lands known as the San Francisco water department

property shown on map numbered NRA GG-80,000-A, the Secretary shall administer such land in accordance with the provisions of the documents entitled 'Grant of Scenic Easement', and 'Grant of Scenic and Recreation Easement', both executed on January 15, 1969, between the city and county of San Francisco and the United States, including such amendments to the subject document as may be agreed to by the affected parties subsequent to the date of enactment of this subsection. The Secretary is authorized to seek appropriate agreements needed to establish a trail within this property and connecting with a suitable beach unit under the jurisdiction of the Secretary.";

(6) in subsection 5(b), change "seventeen" to "eighteen"; and

(7) insert a comma and the phrase "San Mateo," after "Marin" in section 5(c).

TITLE IV

SEC. 401. The water impounded by the Norton Dam, a component of the Almena Unit of the Pick-Sloan Missouri River Basin project, in the State of Kansas, constructed under the general authority of the Act of July 24, 1946 (60 Stat. 641 et seq.) is hereby designated and hereafter shall be known as the "Keith Sebelius Lake". Any law, regulation, record, map, or other document of the United States referring to the waters impounded by the Norton Dam unit of this project shall be held to refer to the "Keith Sebelius Lake", and any future regulations, records, maps, or other documents of the United States, in reference to these waters, shall bear the name "Keith Sebelius Lake".

AMENDMENT OFFERED BY MR. PHILLIP BURTON

Mr. PHILLIP BURTON. Mr. Speaker, I offer an amendment to comply with the Budget Act.

The Clerk read as follows:

Amendment offered by Mr. PHILLIP BURTON: On page 10, after line 3, add the following:

"TITLE V

"SEC. 501. Authorization of amounts to be appropriated under this act shall be effective October 1, 1981. Authority to enter into cooperative agreements and to make payments under this act shall be effective only to such extent or in such amounts as are provided in advance in appropriation acts.".

The amendment was agreed to.

The bill was ordered to be engrossed, and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON S. 1996, WOOD UTILIZATION ACT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1996) to authorize the Secretary of Agriculture to encourage the efficient use of wood and wood residues through pilot projects and demonstrations and a pilot wood utilization program", with the House amendments thereto, insist on the House amendments, and agree to a conference asked by the State.

The SPEAKER. Is there objection to the request of the gentleman from Washington? The Chair hears none, and appoints the following conferees: Messrs. FOLEY, WEAVER, ANTHONY, HUCKABY, COELHO, NOLAN, SEBELIUS, JOHNSON of Colorado, and HANSEN.

FARM CREDIT ACT AMENDMENTS OF 1980

Mr. FOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7548) to amend the Farm Credit Act of 1971 to permit Farm Credit System institutions to improve their services to borrowers, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Washington (Mr. FOLEY).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 7548, with Mr. HUGHES in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole House rose earlier today, title IV was open for amendment at any point, and pending was an amendment offered by the gentleman from Louisiana (Mr. HUCKABY).

The Chair recognizes the gentleman from Mississippi (Mr. HINSON).

Mr. HINSON. Mr. Chairman, I was referring to the letter from the farm credit banks which gave examples of their belief that possibly the farm credit banks of New Orleans ought to be relocated. They are giving their reasons. They stated, one, that its present location does not satisfy future space requirements. It is not located within the confines of what would be considered a desirable site for a multibillion dollar financial institution, and its geographic location may not insure that it can provide the best and most efficient services to its customers.

In this case, studies have already been authorized to examine the various options which are listed. If a farm credit, bank with sufficient evident can prove that a move will be effective and cost efficient, then the Congress ought to be telling it not to move or not to be cost efficient.

There is one final point I would like to make. This amendment represents a major and radical departure from existing Federal policy.

The CHAIRMAN. The time of the gentleman from Mississippi (Mr. HINSON) has expired.

(By unanimous consent, Mr. HINSON was allowed to proceed for 2 additional minutes.)

Mr. HINSON. Mr. Chairman, this amendment represents a major and radical departure from existing Federal policy which gives authority to relocate offices to the Federal farm credit banks.

There are about 12 farm credit bank systems in the United States.

That means that there are more congressional districts in the United States that do not have these banks than those which do have them.

If this amendment is enacted, then no congressional district in the entire United States will ever expect to have a Federal farm credit bank system located within its confines.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. HINSON. I yield to the gentleman from Louisiana.

Mr. HUCKABY. The amendment clearly says that a bank can move from one location to any other location. All it requires is economic justification before its own board, its own national board in the banking system. The gentleman's statement is not correct.

Mr. HINSON. I will have to say that the gentleman's amendment effectively puts a bureaucratic barrier between the movement of a bank by requiring it to go to its own board, which has never been required in the entire history of the farm credit bank system.

I repeat my contention that if this amendment is enacted, no farm credit bank will be able to move without going through a great deal of political trouble and bureaucratic difficulty.

I urge the defeat of the amendment.

□ 1800

Mrs. BOGGS. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

Mr. Chairman, this is a very simple amendment that says you have to have substantial economic justification for moving a bank from one location to another and substantial economic justification in this particular case would not justify the movement of this bank, so that I do feel that this is a very simple amendment that has within it the protection of the location of the banks as they are now presently located. It takes nothing away from the bank. It gives only an added incentive to the bank to look at the economic justifications before presenting the notion of a move to its own board.

I would hope that this amendment will be adopted for the protection of those locations where the banks are already located and where the economic disruption would be considerable if they were removed.

Mr. EDWARDS of Alabama. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I do not know a whole lot about where this bank ought to be, but it greatly concerns me that this amendment, which is artfully drawn, in fact injects the Congress into that decisionmaking process. I think that is wrong. We run into it from time to time on such things as the closure of military bases. We could run into it constantly from time to time on the question of Federal agencies being in one location or another and in one congressional district or another.

I would suggest to you that Congress should tread very lightly in attempting to deal with this kind of a situation in this way. I do not care whether it is in Mississippi or Louisiana, but I think that we should move with some caution. We should not do this with a floor amendment of this type. It is something that

should be thought out carefully in committee and then if it seems the thing to do, bring it to the floor where it has been carefully thought out; but every time Congress starts to monkey with the process of locating agencies or whether to close bases or whether to second guess for political consideration decisions made by administrations, we get in trouble and we tend to do the wrong thing.

So I would urge you to vote no on this amendment. If it has merit, let it go back to the committee and be considered there in the proper forum and brought back to this House.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield for one comment?

Mr. EDWARDS of Alabama. Yes, I yield to the gentleman.

Mr. HUCKABY. The gentleman makes the analogy with military installations. The gentleman would hope and I would hope the decisions involving military installations are sound economic decisions, not political decisions. That is the entire purpose of this amendment, not by the fact that one State has more members on the local board than another State, hence they vote to move the bank from one location to another; rather, you have to have sound economic reasons to move. That is what this amendment says must be done.

Mr. EDWARDS of Alabama. Well, as I say, the gentleman has drawn his amendment very artfully. The net effect of that amendment, however, is to have this body have a direct influence on where that board is. I think that is a mistake, without having brought it through the proper committee where it could be studied carefully.

I would urge a "no" vote on this.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana (Mr. HUCKABY).

The question was taken; and the Chairman announced that the noes appeared to have it.

The question was taken; and on a division (demanded by Mr. HUCKABY) there were—ayes 17, noes 32.

Mr. HUCKABY. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred and sixty-six Members are present, a quorum.

The pending business is the demand of the gentleman from Louisiana for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. GLICKMAN

Mr. GLICKMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GLICKMAN: Page 26, strike out line 10 and insert in lieu thereof the following: "amended by adding new sections 4.17, 4.18, 4.19 and 4.20.".

Page 28, insert immediately after line 11 the following new section 4.20:

"SEC. 4.20. TERMINATION OF PROVISIONS.—The provisions of (1) section 2.3 authorizing the Federal intermediate credit banks to lend to or discount paper for other financial institutions, and (2) section 3.7(b) authorizing the financing of certain domestic or foreign entities in connection with the import or export activities of cooperatives which are borrowers from the banks for cooperatives, shall expire on September 30, 1990, unless extended by Act of Congress prior to that date. Any contract or agreement entered into under the authority of either provision prior to its expiration shall remain in full force and effect notwithstanding such expiration.".

Mr. GLICKMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. GLICKMAN. Mr. Chairman, during committee consideration of H.R. 7548, I offered an amendment that would have sunset two new programs provided for in the bill. The first new section would revise authority for other financial institutions (OFI's) to permit access to the Federal Intermediate Credit Bank's (FICB) discount window. The FICB's act as a type of central bank for the farm credit system. The second section would allow new authority for Banks for Cooperatives (BC's) to offer export financing services. I am convinced that we should take another look at this authority after it goes into effect. Hence, I now want to raise the amendment again. It would terminate the two programs on September 30, 1987, unless Congress takes action to extend them.

The OFI and BC sections are new territory in farm credit programs. Both could have a profound and significant effect on financial institutions. Indeed, both representatives of the banking industry and some members of the Committee expressed concern about whether the OFI provision adequately insured FICB access to those banks who were most in need of it. Likewise, questions arose during the final day of committee debate on the bill about whether large grain companies through their relationships with cooperatives could avail themselves to BC export financing. While the assumption of the committee was that such use of BC financing could not occur, it is this type of matter and concerns about the OFI provision that should be examined at a specific point in the future to determine whether or not the programs are accomplishing the objectives that Congress intended.

In response to concerns that contracts or agreements entered into prior to the expiration date would not be protected, this amendment would provide that operative contracts or agreements would remain in full force and effect regardless of what action Congress takes in terms of program extension.

The farm credit legislation is complex and controversial. My amendment provides the assurance to those concerned about the bill's impact, particularly members of the banking industry that there will be a time-specific requirement for examination of the new provisions. While there are some safeguards in the bill to permit review through a legislative veto and a GAO study, I feel strongly that a sunset guarantees the oversight to insure the program is working effectively.

Mr. JONES of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I would be happy to yield to the distinguished gentleman from Tennessee.

Mr. JONES of Tennessee. Mr. Chairman, I appreciate the gentleman yielding and I support the amendment without any problem, since the Farm Credit Administration agreed to it and it is for 10 years. That is fine.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I would be happy to yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, in the interest of conservation of time, we are going to accept the gentleman's amendment also.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas (Mr. GLICKMAN).

The amendment was agreed to.

Mr. GLICKMAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I just want to make it clear that in confirming the list of insurance activities that Farm Credit Associations may engage in that is provided in this bill, it should be made clear that we are not necessarily making a policy judgment that it is desirable from a public policy standpoint that these activities continue indefinitely in the future. Such a policy judgment must await greater congressional scrutiny into whether the public, competition and the interests of farmers and farm credit associations are truly served by the activities of the associations in these lines of insurance.

Therefore, with respect to the provisions of section 4.29 and particularly with respect to the insurance activities contained therein, it should not be assumed that this body encourages from a public policy point of view these activities.

The CHAIRMAN. Are there further amendments to title IV of the bill? If not, the Clerk will designate title V.

Title V reads as follows:

TITLE V—DISTRICT AND FARM CREDIT ADMINISTRATION ORGANIZATION

SEC. 501. Section 5.0 of the Farm Credit Act of 1971 is amended by inserting before the period at the end of the first sentence the following: "and one of which districts may, if authorized by the Federal Farm Credit Board, include the Virgin Islands of the United States: *Provided*, That the extension of credit and other services authorized by this Act in the Virgin Islands of the United States shall be undertaken only if determined to be feasible under regulations of the Farm Credit Administration".

SEC. 502. Section 5.2 of the Farm Credit Act of 1971 is amended by—

(1) striking out in the last sentence of subsection (b) "three" and inserting in lieu thereof "two"; and

(2) striking out in the first sentence of

subsection (c) "three" and inserting in lieu thereof "two".

SEC. 503. Section 5.8(h) of the Farm Credit Act of 1971 is amended by striking out in the first sentence "the sum of $100 a day" and inserting in lieu thereof "compensation at a rate equal to the daily equivalent of the rate prescribed for grade GS-18 under section 5332 of title 5 of the United States Code".

SEC. 504. Section 5.15 of the Farm Credit Act of 1971 is amended by adding at the end thereof a new sentence as follows: "The Farm Credit Administration may dispose of property so acquired and any amounts collected from the disposition of such property shall be deposited in the special fund provided for in section 5.16(b) of this Act and shall be available to the Administration in the same manner and for the same purposes as the funds collected under section 5.16(a) of this Act."

SEC. 505. Section 5.17 of the Farm Credit Act of 1971 is amended by adding at the end thereof the following new clause (5) and inserting a new sentence immediately thereafter:

"(5) To sell or otherwise dispose of any interest in property leased or acquired under the foregoing if authorized by the Board.

In action undertaken by the banks pursuant to the foregoing provisions of this section, the Farm Credit Administration may act as agent for the banks.".

SEC. 506. Section 5.18 of the Farm Credit Act of 1971 is amended by adding at the end of paragraph (3) a new sentence as follows: "The annual reports shall include a summary and analysis of the reports submitted to the Farm Credit Administration by the Federal land banks and Federal intermediate credit banks under section 4.19(b) of this Act relating to programs for serving young, beginning, and small farmers and ranchers.".

SEC. 507. Section 5.18 of the Farm Credit Act of 1971 is amended by inserting "(a)" immediately after the section designation and adding at the end thereof the following new subsections (b) and (c):

"(b)(1) At least thirty days prior to publishing any proposed regulation in the Federal Register, the Farm Credit Administration shall transmit a copy of the regulation to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate. The Farm Credit Administration shall also transmit to such committees a copy of any final regulation prior to its publication in the Federal Register. Except as provided in paragraph (2) of this subsection, no final regulation of the Farm Credit Administration shall become effective prior to the expiration of thirty calendar days after it is published in the Federal Register during which either or both Houses of the Congress are in session.

"(2) In the case of an emergency, a final regulation of the Farm Credit Administration may become effective without regard to the last sentence of paragraph (1) of this subsection if the Farm Credit Administration notifies in writing the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate setting forth the reasons why it is necessary to make the regulation effective prior to the expiration of the thirty-day period.

"(c)(1) If there are any unresolved differences between the Farm Credit Administration and the Board of Governors of the Federal Reserve System as to whether any regulation implementing section 3.7(b) of this Act or the other provisions of title III relating to the authority under section 3.7(b) conforms to national banking policies, objectives, and limitations, simultaneously with promulgation of any such regulation under this Act, and simultaneously with promulgation of any regulation implementing section 2.3 of this Act, the Farm Credit Administration shall transmit a copy thereof to the Secretary of the Senate and the Clerk of the House of Representatives. Except as provided in paragraph (2), the regulation shall not become effective if, within ninety calendar days of continuous session of Congress after the date of promulgation, both Houses of Congress adopt a concurrent resolution, the matter after the resolving clause of which is as follows: 'That Congress disapproves the regulation promulgated by the Farm Credit Administration dealing with the matter of , which regulation was transmitted to Congress on ', the blank spaces therein being appropriately filled.

"(2) If at the end of sixty calendar days of continuous session of Congress after the date of promulgation of a regulation, no committee of either House of Congress has reported or been discharged from further consideration of a concurrent resolution disapproving the regulation, and neither House has adopted such a resolution, the regulation may go into effect immediately. If, within such sixty calendar days, such a committee has reported or been discharged from further consideration of such a resolution, or either House has adopted such a resolution, the regulation may go into effect not sooner than ninety calendar days of continuous session of Congress after its promulgation unless disapproved as provided in paragraph (1).

"(3) For the purposes of paragraphs (1) and (2) of this subsection—

"(i) continuity of session is broken only by an adjournment of Congress sine die; and

"(ii) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of sixty and ninety calendar days of continuous session of Congress.

"(4) Congressional inaction on or rejection of a resolution of disaproval shall not be deemed an expression of approval of such regulation."

SEC. 508. Title V of the Farm Credit Act of 1971 is amended by adding the following section at the end thereof:

"SEC. 5.30. GENERAL ACCOUNTING OFFICE AUDIT: REPORT TO CONGRESS.—

"(a) The Comptroller General shall conduct an evaluation of the programs and activities authorized under the 1980 amendments to this Act, and shall make an interim report to the Congress no later than December 31, 1982, and a final report to the Congress no later than December 31, 1984. The Comptroller General shall include in such evaluation the effect that this Act, as amended, will have on agricultural credit services provided by the Farm Credit System, Federal agencies, and other entities. The Comptroller General may make such interim reports to the Congress on the programs and activities under these amendments as the Comptroller General deems necessary or as requested by Members of Congress.

"(b) For the purpose of conducting program evaluations required in subsection (a) of this section, the Comptroller General or his duly authorized representatives shall have access to and the right to examine all books, documents, papers, records, or other recorded information within the possession or control of the Federal land banks and Federal land bank associations, Federal intermediate credit banks and production credit associations and banks for cooperatives.".

SEC. 509. Paragraph (1) of section 1141b of title 12 of the United States Code is amended to read as follows:

"(1) shall maintain its principal office within the Washington, D.C.-Maryland-Virginia standard metropolitan statistical area, and such other offices in the United States as in its judgment are necessary".

□ 1810

AMENDMENT OFFERED BY MR. JONES OF TENNESSEE

Mr. JONES of Tennessee. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Tennessee: Beginning on page 33, renumber sections 504 through 509 as sections 505 through 510, respectively.

On page 33, immediately after line 17, insert a new section 504 as follows:

"SEC. 504. Section 5.10 of the Farm Credit Act of 1971 is amended by inserting after the second sentence a new sentence as follows: 'Pursuant to a policy statement adopted by the Federal Farm Credit Board, the Governor of the Farm Credit Administration shall consult on a regular basis with the Secretary of the Treasury in connection with the exercise by the System and the Governor of the powers conferred under section 4.2 of this Act, and with the Board of Governors of the Federal Reserve System in connection with the effect of System lending activities on national monetary policy.'".

Mr. JONES of Tennessee. Mr. Chairman, this is a noncontroversial amendment.

The amendment which I am offering would require the Governor of the Farm Credit Administration to consult on a regular basis with the Secretary of the Treasury in connection with the issuance of farm credit system securities, and with the Board of Governors of the Federal Reserve System in connection with the effect of system lending activities on national monetary policy.

A similar provision appears in S. 1465, the Senate version of this bill. It insures that there will be regular consultation by the Farm Credit Administration with the agencies which have primary responsibility for the Nation's monetary and credit policies. Since system lending activities and marketing of securities to support lending have been increasing in volume, it seems appropriate that there be consultation among interested agencies on such matters.

I urge my colleagues to support this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee (Mr. JONES).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. STARK

Mr. STARK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STARK: On page 38 strike lines 19-24.

Mr. STARK. Mr. Chairman, I shall be very brief. This merely changes the code not to allow the Farm Credit Administration to move their home office from the District of Columbia.

We have seen in the past agencies moving out of the District of Columbia and we here have been supporting Metro. We just passed the bill in Congress for $187 million to support Metro.

We are supporting the District of Columbia. We are trying to develop the District of Columbia and it is the taxpayers from my colleagues' district as well as my own that are involved.

In the hearings there was no testimony taken in support of their moving out of the District. There is no request to show they have inadequate space now in the District of Columbia.

I am sure the committee would be willing to hear from them if they did. But I think it is a bad policy to begin to allow agencies that we support with our dollars to leave the District, which we also support with our dollars. We have enough trouble redeveloping the District of Columbia, and it is important, I think, that these important jobs remain here, certainly in the absence of any information that it is necessary to seek a home office location outside of the District of Columbia.

I urge support of my amendment, which would leave the bill as it was prior to this amendment.

Mr. MARLENEE. Mr. Chairman, I rise to speak against the amendment.

The fact is we do not appropriate tax dollars, in fact, to run the Farm Credit headquarters here in Washington, D.C. The fact is it is a non-Government entity. The fact is that it is a credit institution that is owned entirely by the membership.

I do not feel this body should be mandating whether we should locate the offices in Washington, D.C., in the suburbs, or in any other area. I urge defeat of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. STARK).

The amendment was rejected.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: Page 38, following line 24, insert a new section 510 reading as follows:

SEC. 511. Section 3 of the Swine Health Protection Act (Public Law 96-468, approved October 17, 1980) is amended by—

(1) striking "and" at the end of clause (2);

(2) changing the period at the end of clause (3) to a semicolon and adding "and"; and

(3) inserting a new clause (4) reading as follows:

"(4) the term 'State' means the fifty States, the District of Columbia, Guam, Puerto Rico, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, and the territories and possessions of the United States."

Mr. FINDLEY. Mr. Chairman, this is a purely technical amendment. I know of no objection to this amendment that seeks to correct what was purely a typographical error. When the President signed into law the Swine Health Protection Act early in October, that act should have contained a standard definition of the word "State." That definition was omitted through a clerical error and the only effect of this amendment is to correct that error.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. FINDLEY).

The amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HUGHES, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7548) to amend the Farm Credit Act of 1971 to permit farm credit system institutions to improve their services to borrowers, and for other purposes, pursuant to House Resolution 792, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole?

Mr. VOLKMER. Mr. Speaker, I demand a separate vote on the so-called Jeffords amendment.

The SPEAKER. Is a separate vote demanded on any other amendment?

The Clerk will report the amendment on which a separate vote has been demanded.

The clerk read as follows:

Amendment: Page 13, strike line 3 and all that follows through line 8 on page 14, and insert in lieu thereof the following:

"(d) All of the loans, financial assistance, discounts, and purchases authorized by this section shall be subject to regulations of the Farm Credit Administration and shall be secured by collateral, if any, as may be required in such regulations. The regulations may authorize a Federal intermediate credit bank to charge reasonable fees for any commitment to extend service under this section to any financing institution authorized to receive services under subsection (a)(2).".

The SPEAKER. The question is on the amendment.

□ 1820

The question was taken; and on a division (demanded by Mr. JEFFORDS) there were—yeas 40, nays 47.

Mr. JEFFORDS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 132, nays 231, answered "present" 1, not voting 68, as follows:

[Roll No. 646]

YEAS—132

Abdnor	Bethune	Carr
Anderson, Calif.	Boland	Cavanaugh
Archer	Bowen	Cheney
AuCoin	Broyhill	Clausen
Badham	Buchanan	Clinger
Barnard	Butler	Coleman
Bauman	Campbell	Collins, Tex.
Bereuter	Carney	Conable
Conte	Holt	Petri
Coughlin	Hopkins	Pickle
Courter	Hyde	Porter
Crane, Philip	Jacobs	Ratchford
Daniel, Dan	Jeffords	Rhodes
Daniel, R. W.	Jeffries	Rinaldo
Dannemeyer	Johnson, Colo.	Ritter
Daschle	Lagomarsino	Robinson
Derwinski	Leach, Iowa	Roth
Devine	Lee	Rousselot
Dornan	Lent	Royer
Dougherty	Lewis	Rudd
Edwards, Ala.	Livingston	Santini
Emery	Lloyd	Sawyer
Erlenborn	Loeffler	Schulze
Evans, Del.	Lott	Sebelius
Fenwick	Lundine	Sensenbrenner
Findley	Lungren	Shuster
Fish	McClory	Smith, Nebr.
Foley	McDade	Snowe
Forsythe	McDonald	Snyder
Frenzel	McKinney	St Germain
Goldwater	Madigan	Stanton
Goodling	Marks	Stockman
Gradison	Marlenee	Tauzin
Gramm	Marriott	Thomas
Green	Martin	Trible
Grisham	Mavroules	Vento
Hagedorn	Michel	Walker
Hammer-schmidt	Miller, Ohio	Wampler
Hance	Montgomery	White
Hansen	Moore	Whittaker
Heckler	Moorhead, Calif.	Whitten
Hightower	Motti	Winn
Hinson	Paul	Wylie
		Young, Alaska

NAYS—231

Addabbo	Ford, Mich.	Mattox
Akaka	Ford, Tenn.	Mazzoli
Albosta	Fountain	Mica
Alexander	Fowler	Mikulski
Ambro	Frost	Miller, Calif.
Andrews, N.C.	Fuqua	Mineta
Anthony	Gaydos	Minish
App'gate	Gephardt	Mitchell, N.Y.
Ashbrook	Gibbons	Moakley
Aspin	Gilman	Moffett
Atkinson	Gingrich	Mollohan
Bafalis	Glickman	Moorhead, Pa.
Bailey	Gonzalez	Murphy, Ill.
Barnes	Gore	Murphy, Pa.
Bedell	Grassley	Musto
Bellenson	Gray	Myers, Ind.
Benjamin	Guarini	Natcher
Bennett	Gudger	Nelson
Biaggi	Guyer	Nichols
Bingham	Hall, Tex.	Nowak
Blanchard	Hamilton	Oakar
Boggs	Harkin	Oberstar
Boner	Harris	Obey
Bonior	Harsha	Ottinger
Bouquard	Hawkins	Panetta
Brademas	Hefner	Patten
Breaux	Heftel	Patterson
Brinkley	Hillis	Pease
Brodhead	Holland	Pepper
Brown, Calif.	Holtzman	Perkins
Byron	Horton	Peyser
Carter	Howard	Prever
Chappell	Hubbard	Price
Coelho	Huckaby	Pritchard
Conyers	Hughes	Quayle
Corcoran	Hutchinson	Rahall
D'Amours	Hutto	Railsback
Danielson	Ichord	Rangel
Davis, Mich.	Ireland	Regula
Davis, S.C.	Jenkins	Richmond
de la Garza	Johnson, Calif.	Roberts
Deckard	Jones, Okla.	Rodino
De'lums	Jones, Tenn.	Rose
Dicks	Kastenmeier	Rosenthal
Dingell	Kazen	Rostenkowski
Dixon	Kildee	Roybal
Donnelly	Kindness	Russo
Downey	Kogovsek	Sabo
Drinan	Kostmayer	Scheuer
Duncan, Oreg.	Kramer	Seiberling
Duncan, Tenn.	LaFalce	Shannon
Eckhardt	Latta	Sharp
Edgar	Leach, La.	Shelby
Edwards, Calif.	Leath, Tex.	Simon
Edwards, Okla.	Lederer	Skelton
English	Leland	Smith, Iowa
Erdahl	Long, La.	Solarz
Ertel	Long, Md.	Solomon
Evans, Ga.	Lowry	Spence
Evans, Ind.	Lujan	Stack
Fary	Luken	Staggers
Fascell	McEwen	Stangeland
Fazio	McHugh	Steed
Ferraro	McKay	Stenholm
Fisher	Maguire	Stewart
Fithian	Markey	Stokes
Flippo	Mathis	Stratton
Florio	Matsui	Studds

Stump	Volkmer	Wolpe
Swift	Walgren	Wright
Synar	Watkins	Wyatt
Tauke	Weaver	Yates
Traxler	Weiss	Yatron
Udall	Whitley	Young, Fla.
Van Deerlin	Williams, Mont.	Young, Mo.
Vander Jagt	Wilson, Tex.	Zablocki
Vanik	Wirth	Zeferetti

ANSWERED "PRESENT"—1

Quillen

NOT VOTING—68

Anderson, Ill.	Crockett	Nedzi
Andrews, N.Dak.	Derrick	Nolan
Annunzio	Dickinson	O'Brien
Ashley	Dodd	Pashayan
Baldus	Early	Pursell
Beard, R.I.	Garcia	Reuss
Beard, Tenn.	Giaimo	Roe
Bevill	Ginn	Satterfield
Boiling	Hall, Ohio	Schroeder
Bonker	Hanley	Shumway
Brooks	Hollenbeck	Spellman
Brown, Ohio	Jenrette	Stark
Burgener	Jones, N.C.	Symms
Burlison	Kelly	Taylor
Burton, John	Kemp	Thompson
Burton, Phillip	Lehman	Ullman
Chisholm	Levitas	Wayman
Clay	McCloskey	Whitehurst
Collins, Ill.	McCormack	Williams, Ohio
Corman	Mitchell, Md.	Wilson, Bob
Cotter	Murphy, N.Y.	Wilson, C. H.
Crane, Daniel	Murtha	Wolff
	Neal	Wydler

□ 1830

Mr. CONYERS and Mr. LOWRY changed their votes from "yea" to "nay."

Mr. LOEFFLER changed his vote from "nay" to "yea."

Mr. QUILLEN changed his vote from "nay" to "present."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. MILLER of Ohio. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

So the bill was passed.

A motion to reconsider was laid on the table.

□ 1840

The SPEAKER. Pursuant to the provisions of House Resolution 792, the Committee on Agriculture is discharged from further consideration of the Senate bill (S. 1465) to amend the Farm Credit Act of 1971 to permit farm credit system institutions to improve their services to borrowers, and for other purposes.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. FOLEY

Mr. FOLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. FOLEY moves to strike out all after the enacting clause of the Senate bill, S. 1465, and insert in lieu thereof the text of H.R. 7548, as passed, as follows:

That this Act may be cited as the "Farm Credit Act Amendments of 1980".

TITLE I—FEDERAL LAND BANKS AND ASSOCIATIONS

SEC. 101. Section 1.4 of the Farm Credit Act of 1971 is amended by—

(1) striking out in paragraph (6) "loans and" and inserting in lieu thereof "and participate in loans, make";

(2) inserting before the period at the end of paragraph (12) ", participate with one or more other Farm Credit System institutions in loans made under this title or other titles of this Act on the basis prescribed in section 4.18 of this Act, and participate with lenders which are not Farm Credit System institutions in loans that the bank is authorized to make under this title";

(3) inserting after "System" in the first sentence of paragraph (14) "or any insured State nonmember bank as defined in section 2 of the Federal Deposit Insurance Act";

(4) striking out everything after the second coma in paragraph (15) and inserting in lieu thereof "and, as may be authorized by its board of directors and approved by the Farm Credit Administration, (i) sell to lenders which are not Farm Credit System institutions interests in loans, (ii) buy from and sell to Farm Credit System institutions interests in loans and in other financial assistance extended and nonvoting stock, and (iii) make other investments."; and

(5) adding new paragraphs (22) and (23) as follows:

"(22) Accept contributions to its capital from Federal land bank associations and account therefor as authorized by the Farm Credit Administration.

"(23) As may be authorized by its board of directors and approved by the Farm Credit Administration, agree with other Farm Credit System institutions to share loan and other losses, whether to protect against capital impairment or for any other purpose.".

SEC. 102. Section 1.5 of the Farm Credit Act of 1971 is amended by—

(1) striking out in subsection (b) "hypothecated" and inserting in lieu thereof "hypothecated";

(2) striking out the first sentence of subsection (d) and inserting in lieu thereof two new sentences as follows: "Nonvoting stock may be issued to the Governor of the Farm Credit Administration, to borrowers as patronage refunds, and may also be issued to Federal land bank associations in amounts that will permit the bank to extend financial assistance to eligible persons other than farmers, ranchers, and producers or harvesters of aquatic products. Nonvoting stock also may be issued to and shall be retired for other Farm Credit System institutions as may be authorized by its board of directors and approved by the Farm Credit Administration."; and

(3) adding new subsections (f) and (g) as follows:

"(f) Patronage refunds may be paid in nonvoting stock, participation certificates, allocated surplus, and other equities of the bank, or cash, or in both equities and cash, as determined by the board of the bank, to borrowers of the fiscal year for which such patronage refunds are distributed. All patronage refunds shall be paid in the proportion that the amount of interest on the loans to each borrower during the year bears to the interest on the loans of all borrowers during the year or on such other proportionate patronage basis as the Farm Credit Administration may approve.

"(g) Equities to evidence contributions to capital may be issued to Federal land bank associations when the bylaws of the bank so provide.".

SEC. 103. Section 1.6 of the Farm Credit Act of 1971 is amended to read as follows:

SEC. 1.6. REAL ESTATE MORTGAGE LOANS.—The Federal land banks are authorized to make or participate with other lenders in long-term real estate mortgage loans in rural areas, as defined by the Farm Credit Administration, or to producers or harvesters of aquatic products, and make continuing commitments to make such loans under specified circumstances, or extend other financial assistance of a similar nature to eligible borrowers, for a term of not less than five nor more than forty years.".

SEC. 104. Section 1.7 of the Farm Credit Act of 1971 is amended by inserting before the period in the first sentence "as provided in section 4.17 of this Act".

SEC. 105. Section 1.8 of the Farm Credit Act of 1971 is amended by striking out in clause (1) "and ranchers" and inserting in lieu thereof ", ranchers, or producers or harvesters of aquatic products".

SEC. 106. Section 1.9 of the Farm Credit Act of 1971 is amended by striking out the first sentence and inserting in lieu thereof the following: "Loans originated by a Federal land bank or in which it participates with a lender which is not a Farm Credit System institution shall not exceed 85 per centum of the appraised value of the real estate security, or such greater amount, not to exceed 97 per centum of the appraised value of the real estate security, as may be authorized under regulations of the Farm Credit Administration for loans guaranteed by Federal, State, or other governmental agencies, and shall be secured by first liens on interest in real estate of such classes as may be approved by the Farm Credit Administration.".

SEC. 107. Section 1.10 of the Farm Credit Act of 1971 is amended by striking out the first sentence and inserting in lieu thereof the following: "Loans made by the Federal land banks to farmers, ranchers, and producers or harvesters of aquatic products may be for any agricultural or aquatic purpose and other credit needs of the applicant, including financing for basic processing and marketing directly related to the applicant's operations and those of other eligible farmers, ranchers, and producers or harvesters of aquatic products: *Provided;* That the applicant's operations shall supply at least 20 per centum, or such larger per centum that is required by the board of directors of the bank under regulations of the Farm Credit Administration, of the total processing or marketing for which financing is extended.".

SEC. 108. Section 1.11 of the Farm Credit Act of 1971 is amended by inserting "and aquatic" before "operations".

SEC. 109. Section 1.12 of the Farm Credit Act of 1971 is amended by striking out the designation "(a)".

SEC. 110. Section 1.15 of the Farm Credit Act of 1971 is amended by—

(1) striking out in paragraph (13) "shall";

(2) striking out in paragraph (14) "may" the second time it appears; and

(3) adding a new paragraph (21) as follows:

"(21) Contribute to the capital of the bank.".

SEC. 111. Section 1.16 of the Farm Credit Act of 1971 is amended by—

(1) striking out in the sixth sentence of subsection (a) "fair"; and

(2) adding a new subsection (c) as follows:

"(c) Notwithstanding the provisions of subsection (a) of this section, the purchase of stock need not be required with respect to that part of any loan (1) made by a Federal land bank which it sells to a lender which is not a Farm Credit System institution, or (2) that such lender retains or acquires in participating in the loan with a Federal land bank.".

SEC. 112. Section 1.17 of the Farm Credit Act of 1971 is amended by—

(1) striking out in the last sentence of subsection (a) "exess" and inserting in lieu thereof "excess"; and

(2) amending subsection (b) by inserting ", and pay patronage refunds, or do any of them, as provided in its bylaws," after "divi-

dends", and striking out "with" and inserting in lieu thereof "the".

SEC. 113. Section 1.18(b) of the Farm Credit Act of 1971 is amended to read as follows:

"(b) Any association may declare a dividend or dividends and pay patronage refunds, or do any of them, as provided in its bylaws, out of the whole or any part of its net earnings available therefor which remain after (1) maintenance of the reserve required in subsection (a) of this section and (2) bank approval. All patronage refunds shall be paid on the proportionate patronage basis approved by the bank. Dividends shall be noncumulative, and the rate of dividends may be different between classes and issues of stock and participation certificates on the basis of the comparative contributions of the holders thereof to the capital or earnings of the Federal land bank by such classes and issues, but otherwise dividends shall be without preference.".

SEC. 114. Section 1.19 of the Farm Credit Act of 1971 is amended by adding at the end thereof a new sentence as follows: "As may be authorized by the bank in accordance with regulations of the Farm Credit Administration, associations also may enter into agreements with other Farm Credit System institutions to share loans and other losses, whether to protect capital impairment or for any other purpose.".

SEC. 115. Section 1.20 of the Farm Credit Act of 1971 is amended by inserting after "stock" the second time it appears "or participation certificates," and inserting "or other Farm Credit System institutions" after "Administration".

TITLE II—FEDERAL INTERMEDIATE CREDIT BANKS AND PRODUCTION CREDIT ASSOCIATIONS

SEC. 201. Section 2.1 of the Farm Credit Act of 1971 is amended by—

(1) inserting after "System" in the first sentence of paragraph (12) "or any insured State nonmember bank as defined in section 2 of the Federal Deposit Insurance Act";

(2) striking out in paragraph (13) everything after "agency" the second time it appears and inserting in lieu thereof ", and, as may be authorized by its board of directors and approved by the Farm Credit Administration, (i) buy from and sell to Farm Credit System institutions interests in loans and in other financial assistance extended and nonvoting stock, and (ii) make other investments.";

(3) amending paragraph (18) to read as follows:

"(18) As may be authorized by its board of directors and approved by the Farm Credit Administration, agree with other Farm Credit System institutions to share loan or other losses, whether to protect against capital impairment or for any other purposes,"; and

(4) inserting before the period at the end of paragraph (20) ", and participate with one or more other Farm Credit System institutions in loans made under this title or other titles of this Act on the basis prescribed in section 4.18 of this Act.".

SEC. 202. Section 2.2 of the Farm Credit Act of 1971 is amended by—

(1) inserting before the period at the end of the first sentence of subsection (d) ", and may be issued to and, notwithstanding the provisions of subsection (g) of this section, shall be retired for other Farm Credit System institutions as may be authorized by its board of directors and approved by the Farm Credit Administration";

(2) striking out in the second and fourth paragraphs of subsection (g) "fair";

(3) striking out everything through "Governor" in subsection (h) and inserting in lieu thereof "Except with regard to stock or participation certificates held by the Governor or other Farm Credit System institutions"; and

(4) striking out in subsection (i) "fair".

SEC. 203. Section 2.3 of the Farm Credit Act of 1971 is amended to read as follows:

"SEC. 2.3 LOANS DISCOUNTS; PARTICIPATION; LEASING.—(a) The Federal intermediate credit banks are authorized to make loans and extend other similar financial assistance to, and to discount for or purchase from—

(1) any production credit association, or

(2) any national bank, State bank, trust company, agricultural credit corporation, incorporated livestock loan company, savings institution, credit union, or any association of agricultural producers engaged in the making of loans to farmers and ranchers, and any corporation engaged in the making of loans to producers or harvesters of aquatic products,

any note, draft, or other obligation with its endorsment or guarantee, the proceeds of which note, draft, or other obligation have been advanced to persons and for purposes eligible for financing by production credit associations under section 2.15(a) (1), (2), and (3) of this Act.

"(b) The Federal intermediate credit banks may participate with one or more production credit associations or intermediate credit banks in the making of loans to eligible borrowers and may participate with one or more other Farm Credit System institutions in loans made under this title or other titles of this Act on the basis prescribed in section 4.18 of this Act. The banks may own and lease or lease with option to purchase to persons eligible for assistance under this subchapter, equipment needed in the operations of such persons.

"(c) No paper shall be purchased from or discounted for, and no loans shall be made or other similar financial assistance extended by a Federal intermediate credit bank to any entity identified in subsection (a) (1) and (2) of this section if the amount of such paper added to the aggregate liabilities of such entity, whether direct or contingent (other than bona fide deposit liabilities), exceeds ten times the paid-in and unimpaired capital and surplus of such entity or (in the case of financing institutions under subsection (a) (2) of this section) the amount of such liabilities permitted under the laws of the jurisdiction creating such institution, whichever is the lesser. It shall be unlawful for any national bank which is indebted to any Federal intermediate credit bank, upon paper discounted or purchased under subsection (a) of this section, to incur any additional indebtedness, if by virtue of such additional indebtedness its aggregate liabilities direct or contingent, will exceed the limitation herein contained.

"(d) All of the loans, financial assistance, discounts, and purchases authorized by this section shall be subject to regulations of the Farm Credit Administration and shall be secured by collateral, if any, as may be required in such regulations. The regulations shall assure that such loans, financial assistance, discounts, and purchases are available on a reasonable basis to any financing institution authorized to receive such services under subsection (a) (2) of this section that (i) is significantly involved in lending for agricultural or aquatic purposes, (ii) demonstrates a continuing need for supplementary sources of funds to meet the credit requirements of its agricultural or aquatic borrowers, (iii) has limited access to national or regional capital markets, and (iv) does not use such services to expand its financing activities to persons and for purposes other than those authorized in section 2.15(a) (1), (2), and (3) of this Act. The regulations may authorize a Federal intermediate credit bank to charge reasonable fees for any commitment to extend service under this section to such a financing institution. For purposes of this subsection, a financing institution together with its subsidiaries and affiliates may be considered as one but such determination to consider such institution together with its subsidiaries and affiliates as one shall be made in the first instance by the bank and in the event of a denial by the bank of its services to a financial institution, thereafter by the Farm Credit Administration on a case-by-case basis with due regard to the total relationship of the financing institution, its subsidiaries, and affiliates.

"(e) Nothing in this section shall require termination of discount relationships in existence on the effective date of the Farm Credit Act Amendments of 1980.".

SEC. 204. Section 2.4 of the Farm Credit Act of 1971 is amended by striking out the first sentence and inserting in lieu thereof the following: "Loans, advances, or discounts made under section 2.3 of this Act shall be repayable in not more than seven years (fifteen years if made to producers or harvesters of aquatic products) from the time they are made or discounted by the Federal intermediate credit bank, except that the district farm credit board, under regulations of the Farm Credit Administration, may approve policies permitting loans, advances, or discounts (other than those made to producers or harvesters of aquatic products) to be repayable in not more than ten years from the time they are made or discounted by such bank. Loans, advances, and discounts shall bear such rate or rates of interest or discount as the board of directors of the bank shall from time to time determine with the approval of the Farm Credit Administration as provided in section 4.17 of this Act, but the rates charged financing institutions shall be the same as those charged production credit associations.".

SEC. 205. Section 2.5 of the Farm Credit Act of 1971 is amended by inserting "and aquatic" after "on-farm".

SEC. 206. Section 2.6(c) of the Farm Credit Act of 1971 is amended by striking out "of less than 25 per centum" in the second sentence.

SEC. 207. Section 2.10 of the Farm Credit Act of 1971 is amended by striking out the comma after "States" in the first sentence and inserting in lieu thereof a period.

SEC. 208. Section 2.12 of the Farm Credit Act of 1971 is amended by—

(1) inserting before the period at the end of paragraph (11) "and buy from and sell to such banks interests in loans and in other financial assistance extended and nonvoting stock, as may be authorized by the Federal intermediate credit bank in accordance with regulations of the Farm Credit Administration";

(2) inserting before the period at the end of paragraph (13) "and when authorized by the bank participate with one or more other Farm Credit System institutions in loans made under this title or other titles of this Act on the basis prescribed in section 4.18 of this Act"; and

(3) amending paragraph (15) to read as follows:

"(15) As may be authorized by the Federal intermediate credit bank in accordance with regulations of the Farm Credit Administration, agree with other Farm Credit System institutions to share loan or other losses, whether to protect against capital impairment or for any other purpose.".

SEC. 209. Section 2.13 of the Farm Credit Act of 1971 is amended by—

(1) inserting before the period at the end of subsection (e) "or in lieu of nonvoting stock";

(2) striking out in the first sentence of subsection (f) "fair";

(3) amending the last sentence of subsection (f) to read as follows: "Notwithstanding any other provisions of this section, for a loan in which an association participates with a commercial bank or other financial institution other than a Farm Credit

System institution, nonvoting stock or participation certificates may be issued to the commercial bank or other financial institution in satisfaction of the requirement that the borrower own stock or participation certificates, which requirement shall apply only to the portion of the loan which is retained by the association.";

(4) striking out in the first sentence in subsection (g) "fair";

(5) striking out everything through "Governor" in subsection (j) and inserting in lieu thereof "Except with regard to stock or participation certificates held by the Governor or other Farm Credit System institutions"; and

(6) striking out in subsection (k) "fair".

SEC. 210. Section 2.15 of the Farm Credit Act of 1971 is amended by—

(1) amending clause (1) in the first sentence of subsection (a) to read as follows: "(1) bona fide farmers and ranchers and the producers or harvesters of aquatic products, for agricultural or aquatic purposes and other requirements of such borrowers, including financing for basic processing and marketing directly related to the borrower's operations and those of other eligible farmers, ranchers, and producers or harvesters of aquatic products: *Provided*, That the borrower's operations shall supply at least 20 per centum, or such larger per centum that is required by the supervising bank under regulations of the Farm Credit Administration, of the total processing or marketing for which financing is extended,"; and

(2) inserting in subsection (b) after "Administration" in the first sentence "as provided in section 4.17 of this Act".

SEC. 211. Section 2.16 of the Farm Credit Act of 1971 is amended by inserting "and aquatic" after "on-farm".

TITLE III—BANKS FOR COOPERATIVES

SEC. 301. Section 3.1 of the Farm Credit Act of 1971 is amended by—

(1) inserting before the period at the end of paragraph (11) ", and participate with one or more other Farm Credit System institutions in loans made under this title or other titles of this Act on the basis prescribed in section 4.18 of this Act";

(2) inserting after "System" in the first sentence in paragraph (12) "or any insured State nonmember bank as defined in section 2 of the Federal Deposit Insurance Act or, to the extent necessary to facilitate transactions which may be financed under section 3.7(b) of this Act, any other financial organization, domestic or foreign, as may be authorized by its board of directors and approved by the Farm Credit Administration";

(3) amending paragraph (13) by:

(a) inserting immediately after "(13)" the designation "(A)";

(b) inserting after subparagraph (A) the following new subparagraphs (B) and (C):

"(B) As may be authorized by its board of directors and approved by the Farm Credit Administration, buy from and sell to Farm Credit System institutions interests in loans and in other financial assistance extended and nonvoting stock.

"(C) As may be authorized by its board of directors and approved by the Farm Credit Administration, and solely for the purposes of obtaining credit information and other services needed to facilitate transactions which may be financed under section 3.7(b) of this Act, invest in ownership interests in foreign business entities that are principally engaged in providing credit information to and performing such servicing functions for their members in connection with the members' international activities."; and

(4) adding new paragraphs (18) and (19) as follows:

"(18) As may be authorized by the board of directors and approved by the Farm Credit Administration, maintain credit balances and pay or receive fees or interest thereon, for the purpose of assisting in the transfer of funds to or from parties to transactions that may be financed under section 3.7(b) of this Act: *Provided, however*, That nothing herein shall authorize the banks for cooperatives to engage in the business of accepting domestic deposits.

"(19) As may be authorized by its board of directors and approved by the Farm Credit Administration, agree with other Farm Credit System institutions to share loan or other losses, whether to protect against capital impairment or for any other purposes.".

SEC. 302. Section 3.3 of the Farm Credit Act of 1971 is amended by adding a new subsection (f) as follows:

"(f) Participation certificates may be issued to parties to whom voting stock may not be issued.".

SEC. 303. Section 3.3 of the Farm Credit Act of 1971 is amended by—

(1) striking out the first three sentences and inserting in lieu thereof three new sentences as follows: "Any nonvoting stock held by the Governor of the Farm Credit Administration shall be retired to the extent required by section 4.0(b) of this Act before any other outstanding voting or nonvoting stock or participation certificates shall be retired except as may be otherwise authorized by the Farm Credit Administration. When those requirements have been satisfied, nonvoting investment stock and participation certificates may be called for retirement at par. With the approval of the issuing bank, the holder may elect not to have the called stock or participation certificates retired in response to a call, reserving the right to have such stock or participation certificates included in the next call for retirement."; and

(2) striking out in the fourth sentence "fair book value not exceeding".

SEC. 304. Section 3.7 of the Farm Credit Act of 1971 is amended by—

(1) adding the designation "(a)" before the text, and inserting before "collateral custody" in the first sentence, "currency exchange necessary to service individual transactions that may be financed under subsection (b) of this section,", and inserting before the period at the end of the third sentence "and may make or participate in loans or commitments and extend other technical and financial assistance to other domestic parties for the acquisition of equipment and facilities to be leased to such stockholders for use in their operations in the United States"; and

(2) adding new subsections (b), (c), (d), and (e) as follows:

"(b) A bank for cooperatives is authorized to make or participate in loans and commitments to, and to extend other technical and financial assistance to (1) a domestic or foreign party with respect to its transactions with an association that is a voting stockholder of the bank for the export or import of agricultural commodities, farm supplies, or aquatic products through purchases, sales or exchanges, and (2) a domestic or foreign party in which such an association has at least the minimum ownership interest approved under regulations of the Farm Credit Administration for the purpose of facilitating the association's export or import operations of the type described in clause (1) of this subsection: *Provided*, That a bank for cooperatives determines, under regulations of the Farm Credit Administration, that the voting stockholder will benefit substantially as a result of such loan, commitment, or assistance.

"(c) Loans, commitments, and assistance authorized by subsection (b) of this section shall be extended in accordance with policies adopted by the board of directors of the bank under regulations of the Farm Credit Administration.

"(d) The regulations of the Farm Credit Administration implementing subsection (b) of this section and the other provisions of this title relating to the authority under subsection (b) of this section may not confer upon the banks for cooperatives powers and authorities greater than those specified in this title. The Farm Credit Administration shall, during the formulation of such regulations, closely consult on a continuing basis with the Board of Governors of the Federal Reserve System to ensure that such regulations conform to national banking policies, objectives, and limitations.

"(e) Notwithstanding any other provision of this title, the banks for cooperatives shall not make or participate in loans or commitments for the purpose of financing speculative futures transactions by eligible borrowers in foreign currencies.".

SEC. 305. Section 3.8 of the Farm Credit Act of 1971 is amended by—

(1) in the first paragraph striking out the second comma and inserting "or aquatic" before "business";

(2) striking out in subsection (c) "or farm business services" and inserting in lieu thereof "farm or aquatic business services, or services to eligible cooperatives"; and

(3) amending subsection (d) to read as follows:

"(d) A percentage of the voting control of the association not less than 80 per centum (60 per centum (1) in the case of rural electric, telephone, public utility, and service cooperatives; (2) in the case of local farm supply cooperatives that have historically served needs of the community that would not adequately be served by other suppliers and have experienced a reduction in the percentage of farmer membership due to changed circumstances beyond their control such as, but not limited to, urbanization of the community; and (3) in the case of local farm supply cooperatives that provide or will provide needed services to a community and that are or will be in competition with a cooperative specified in paragraph (2)) or, with respect to any type of association or cooperative, such higher percentage as established by the district board, is held by farmers, producers or harvesters of aquatic products, or eligible cooperative associations as defined herein;".

SEC. 306. Section 3.9(a) of the Farm Credit Act of 1971 is amended by striking out the first sentence and inserting in lieu thereof a new sentence as follows: "Each borrower entitled to hold voting stock shall, at the time a loan is made by a bank for cooperatives, own at least one share of voting stock and shall be required by the bank with the approval of the Farm Credit Administration to invest in additional voting stock or nonvoting investment stock at that time, or from time to time, as the lending bank may determine, but the requirement for investment in stock at the time the loan is closed shall not exceed an amount equal to 10 per centum of the face amount of the loan.".

SEC. 307. Section 3.10 of the Farm Credit Act of 1971 is amended by—

(1) inserting before the period in the first sentence of subsection (a) "as provided in section 4.17 of this Act"; and

(2) striking out in the first sentence of subsection (d) "book" and inserting in lieu thereof "market" and adding a new sentence as follows: "In no event shall the bank's equities be retired or canceled if the retirement or cancellation would adversely affect the bank's capital structure, as determined by the Farm Credit Administration.".

SEC. 308. Section 3.11 of the Farm Credit Act of 1971 is amended by—

(1) striking out in the second sentence of subsection (b) "of less than 25 per cen-

tum" and "of not to exceed such per centum of net savings"; and

(2) striking out the first sentence of subsection (c) and inserting in lieu thereof a new sentence as follows: "The net savings of each district bank for cooperatives, after the earnings for the fiscal year have been applied in accordance with subsection (a) or (b) of this section, whichever is applicable, shall be paid in stock, participation certificates, or cash, or in any of them, as determined by its board, as patronage refunds to borrowers to whom such refunds are payable who are borrowers of the fiscal year for which such patronage refunds are distributed.".

TITLE IV—PROVISIONS APPLICABLE TO TWO OR MORE CLASSES OF INSTITUTIONS OF THE SYSTEM

SEC. 401. Section 4.5 of the Farm Credit Act of 1971 is amended by—

(1) striking out in the first sentence "presidents of each bank" and inserting in lieu thereof "president of each bank or the president's designee"; and

(2) striking out in the third sentence "subcommittee's" and inserting in lieu thereof "subcommittee."

SEC. 402. Section 4.10 of the Farm Credit Act of 1971 is amended by striking out "name" and inserting in lieu thereof "same".

SEC. 403. Title IV of the Farm Credit Act of 1971 is amended by adding new sections 4.17, 4.18, 4.19 and 4.20 as follows:

SEC. 4.17. INTEREST RATES.—"nterest rates on loans from institutions of the Farm Credit System shall be determined with the approval of the Farm Credit Administration as provided in this Act, notwithstanding any interest rate limitation imposed by any State constitution or statute or other law(s) which are hereby preempted for purposes of this Act. Interest rates on loans made by agricultural credit corporations organized in conjunction with cooperative associations for the purpose of financing the ordinary crop operations of the members of such associations or other producers and eligible to discount with the Federal intermediate credit banks pursuant to section 2.3 of this Act shall be exempt from any interest rate limitation imposed by any State constitution or statute or other law(s) which are hereby preempted for purposes of this Act.

"SEC. 4.18. PARTICIPATION LOANS.—Notwithstanding any other provisions of this Act, the terms of any loan participated in by two or more Farm Credit System institutions operating under different titles of this Act, including provisions for capitalization of the portion of the loan participated in by each institution, shall be as may be agreed upon among such institutions and authorized by the Farm Credit Administration, except that for purposes of determining borrower eligibility, membership, term, amount, loan security, and purchase of stock or participation certificates by the borrower, the provisions of law applicable to the loan shall be the provisions in the title under which the institution that originates the loan operates.

"SEC. 4.19. YOUNG, BEGINNING, AND SMALL FARMERS AND RANCHERS.—

"(a) Under policies of the district board, each Federal land bank association and production credit association shall prepare a program for furnishing sound and constructive credit and related services to young, beginning, and small farmers and ranchers. Such programs shall assure that such credit and services are available in coordination with other units of the Farm Credit System serving the territory and with other governmental and private sources of credit. Each program shall be subject to review and approval by the supervising bank.

"(b) The Federal land bank and the Federal intermediate credit bank for each district shall annually obtain from associations under their supervision reports of activities under programs developed pursuant to subsection (a) of this section and progress toward program objectives. On the basis of such reports, the banks shall provide to the Farm Credit Administration a joint annual report summarizing the operations and achievements in their district under such programs.".

"SEC. 4.20. TERMINATION OF PROVISIONS.—The provisions of (1) section 2.3 authorizing the Federal intermediate credit banks to lend to or discount paper for other financial institutions, and (2) section 3.7(b) authorizing the financing of certain domestic or foreign entities in connection with the import or export activities of cooperatives which are borrowers from the banks for cooperatives, shall expire on September 30, 1990 unless extended by Act of Congress prior to that date. Any contract or agreement entered into under the authority of either provision prior to its expiration shall remain in full force and effect notwithstanding such expiration.".

SEC. 404. Title IV of the Farm Credit Act of 1971 is amended by adding at the end thereof new parts D and E as follows:

"PART D—SERVICE ORGANIZATIONS

"SEC. 4.25. ESTABLISHMENT.—Any bank of the Farm Credit System, or two or more of such banks acting together, may organize a corporation or corporations for the purpose of performing functions and services for or on behalf of the organizing bank or banks that the bank or banks may perform pursuant to this Act: *Provided*, That a corporation so organized shall have no authority either to extend credit or provide insurance services for borrowers from Farm Credit System institutions, nor shall it have any greater authority with respect to functions and services than the organizing bank or banks possess under this Act. The organizing bank or banks shall apply for a Federal charter for the corporation by forwarding to the Governor of the Farm Credit Administration a statement of the need for the corporation and proposed articles specifying in general terms the objectives for which the corporation is formed, the powers to be exercised by it in carrying out the functions and services, and the territory it is to serve. The Governor for good cause may deny the charter applied for. Upon the approval of articles by the Governor and the issuance of a charter, the corporation shall become as of such date a federally chartered body corporate and an instrumentality of the United States.

"SEC. 4.26 POWERS OF THE GOVERNOR.—The Governor shall have power, under rules and regulations prescribed by the Governor or by prescribing in the terms of the charter or by approval of the bylaws of the corporation, to provide for the organization of any corporation chartered under this part and the territory within which its operations may be carried on, and to direct at any time such changes in its charter as he finds necessary for the accomplishment of the purposes of this Act. The powers of the Governor to provide for the organization of any corporation chartered under this part include, but are not limited to approval of—

"(1) corporate title;

"(2) general corporate powers;

"(3) eligibility for membership on, and the powers, composition, selection, terms, and compensation of the board of directors;

"(4) classes, issuance, value, and retirement of stock;

"(5) sources of operating funds;

"(6) dissolution, liquidation, and distribution of assets on liquidation; and

"(7) application and distribution of earnings.

"SEC. 4.27. SUPERVISION AND EXAMINATION.—The corporations organized under this part shall be institutions of the Farm Credit System and shall be subject to the same supervision and examination by the Farm Credit Administration as are the organizing bank or banks under this Act.

"SEC. 4.28. STATE LAWS.—State and other laws shall apply to corporations organized pursuant to this part to the same extent such laws would apply to the organizing bank(s) engaged in the same activity in the same jurisdiction: *Provided, however*, That to the extent that sections 1.21, 2.8, and 3.13 of this Act may exempt banks of the Farm Credit System from taxation, such exemptions, other than with respect to franchise taxes, shall not extend to corporations organized pursuant to this part.

"PART E—SALE OF INSURANCE

"SEC. 4.29. LINES OF INSURANCE.—(a) The regulations of the Farm Credit Administration governing financially related services that the banks and associations of the Farm Credit System may provide under sections 1.11, 1.15, 2.5, and 2.16 of this Act may authorize the sale to any member of any such bank or association, on an optional basis, of credit or term life and credit disability insurance appropriate to protect the loan commitment in the event of death or disability of the debtors and other insurance necessary to protect the member's farm or aquatic unit, but limited to, hail and multiple-peril crop insurance, title insurance, and insurance to protect the facilities and equipment of aquatic borrowers.

"(b) Such regulations shall provide that—

"(1) in any case in which insurance is required as a condition for a loan or other financial assistance from a bank or association, notice be given that it is not necessary to purchase the insurance from the bank or association and that the borrower has the option of obtaining the insurance elsewhere;

"(2) such insurance services may be offered only if—

"(i) the bank or association has the capacity to render insurance service under the Act in an effective and efficient manner;

"(ii) there exists the probability that any insurance program under this Act will generate sufficient revenue to cover all costs; and

"(iii) rendering insurance service will not have an adverse effect on the bank's or association's credit or other operations; and

"(3) no bank or association shall directly or indirectly discriminate in any manner against any agent, broker, or insurer that is not affiliated with such bank or association, or against any party who purchases insurance through any such nonaffiliated insurance agent, broker, or insurer.

"(c) Notwithstanding any provision of this section to the contrary, any bank or association that on the date of enactment of the Farm Credit Act Amendments of 1980, is offering insurance coverages not authorized by this section may continue to sell such coverages for a period of not more than one year from such date of enactment and may continue to service such coverages until their expiration.".

TITLE V—DISTRICT AND FARM CREDIT ADMINISTRATION ORGANIZATION

SEC. 501. Section 5.0 of the Farm Credit Act of 1971 is amended by inserting before the period at the end of the first sentence the following: "and one of which districts may, if authorized by the Federal Farm Credit Board, include the Virgin Islands of the United States: *Provided*, That the extension of credit and other services authorized by this Act in the Virgin Islands of the United States shall be undertaken only if determined to be feasible under regulations of the Farm Credit Administration".

SEC. 502. Section 5.2 of the Farm Credit Act of 1971 is amended by—

(1) striking out in the last sentence of subsection (b) "three" and inserting in lieu thereof "two"; and

(2) striking out in the first sentence of

subsection (c) "three" and inserting in lieu thereof "two".

SEC. 503. Section 5.8(h) of the Farm Credit Act of 1971 is amended by striking out in the first sentence "the sum of $100 a day" and inserting in lieu thereof "compensation at a rate equal to the daily equivalent of the rate prescribed for grade GS-18 under section 5332 of title 5 of the United States Code".

SEC. 504. Section 5.10 of the Farm Credit Act of 1971 is amended by inserting after the second sentence a new sentence as follows: 'Pursuant to a policy statement adopted by the Federal Farm Credit Board, the Governor of the Farm Credit Administration shall consult on a regular basis with the Secretary of the Treasury in connection with the exercise by the System and the Governor of the powers conferred under section 4.2 of this Act, and with the Board of Governors of the Federal Reserve System in connection with the effect of System lending activities on national monetary policy.

SEC. 505. Section 5.15 of the Farm Credit Act of 1971 is amended by adding at the end thereof a new sentence as follows: "The Farm Credit Administration may dispose of property so acquired and any amounts collected from the disposition of such property shall be deposited in the special fund provided for in section 5.16(b) of this Act and shall be available to the Administration in the same manner and for the same purposes as the funds collected under section 5.16(a) of this Act."

SEC. 506. Section 5.17 of the Farm Credit Act of 1971 is amended by adding at the end thereof the following new clause (5) and inserting a new sentence immediately thereafter:

"(5) To sell or otherwise dispose of any interest in property leased or acquired under the foregoing if authorized by the Board.

In actions undertaken by the banks pursuant to the foregoing provisions of this section, the Farm Credit Administration may act as agent for the banks.".

SEC. 507. Section 5.18 of the Farm Credit Act of 1971 is amended by adding at the end of paragraph (3) a new sentence as follows: "The annual reports shall include a summary and analysis of the reports submitted to the Farm Credit Administration by the Federal land banks and Federal intermediate credit banks under section 4.19(b) of this Act relating to programs for serving young, beginning, and small farmers and ranchers.".

SEC. 508. Section 5.18 of the Farm Credit Act of 1971 is amended by inserting "(a)" immediately after the section designation and adding at the end thereof the following new subsections (b) and (c):

"(b)(1) At least thirty days prior to publishing any proposed regulation in the Federal Register, the Farm Credit Administration shall transmit a copy of the regulation to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate. The Farm Credit Administration shall also transmit to such committees a copy of any final regulation prior to its publication in the Federal Register. Except as provided in paragraph (2) of this subsection, no final regulation of the Farm Credit Administration shall become effective prior to the expiration of thirty calendar days after it is published in the Federal Register during which either or both Houses of the Congress are in session.

"(2) In the case of an emergency, a final regulation of the Farm Credit Administration may become effective without regard to the last sentence of paragraph (1) of this subsection if the Farm Credit Administration notifies in writing the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate setting forth the reasons why it is necessary to make the regulation effective prior to the expiration of the thirty-day period.

"(c)(1) If there are any unresolved differences between the Farm Credit Administration and the Board of Governors of the Federal Reserve System as to whether any regulation implementing section 3.7(b) of this Act or the other provisions of title III relating to the authority under section 3.7 (b) conforms to national banking policies, objectives, and limitations, simultaneously with promulgation of any such regulation under this Act, and simultaneously with promulgation of any regulation implementing section 2.3 of this Act, the Farm Credit Administration shall transmit a copy thereof to the Secretary of the Senate and the Clerk of the House of Representatives. Except as provided in paragraph (2), the regulation shall not become effective if, within ninety calendar days of continuous session of Congress after the date of promulgation, both Houses of Congress adopt a concurrent resolution, the matter after the resolving clause of which is as follows: 'That Congress disapproves the regulation promulgated by the Farm Credit Administration dealing with the matter of , which regulation was transmitted to Congress on ', the blank spaces therein being appropriately filled.

"If at the end of sixty calendar days of continuous session of Congress after the date of promulgation of a regulation, no committee of either House of Congress has reported or been discharged from further consideration of a concurrent resolution disapproving the regulation, and neither House has adopted such a resolution, the regulation may go into effect immediately. If, within such sixty calendar days, such a committee has reported or been discharged from further consideration of such a resolution, or either House has adopted such a resolution, the regulation may go into effect not sooner than ninety calendar days of continuous session of Congress after its promulgation unless disapproved as provided in paragraph (1).

"(3) For the purposes of paragraphs (1) and (2) of this subsection—

"(i) continuity of session is broken only by an adjournment of Congress sine die; and

"(ii) the days on which either House is not in session because of an adjournment of more than three days to a day certain are are excluded in the computation of sixty and ninety calendar days of continuous session of Congress.

"(4) Congressional inaction on or rejection of a resolution of disapproval shall not be deemed an expression of approval of such regulation."

SEC. 509. Title V of the Farm Credit Act of 1971 is amended by adding the following section at the end thereof:

"SEC. 5.30. GENERAL ACCOUNTING OFFICE AUDIT: REPORT TO CONGRESS.—

"(a) The Comptroller General shall conduct an evaluation of the programs and activities authorized under the 1980 amendments to this Act, and shall make an interim report to the Congress no later than December 31, 1982, and a final report to the Congress no later than December 31, 1984. The Comptroller General shall include in such evaluation the effect that this Act, as amended, will have on agricultural credit services provided by the Farm Credit System, Federal agencies, and other entities. The Comptroller General may make such interim reports to the Congress on the programs and activities under these amendments as the Comptroller General deems necessary or as requested by Members of Congress.

"(b) For the purpose of conducting program evaluations required in subsection (a) of this section, the Comptroller General or his duly authorized representatives shall have access to and the right to examine all books, documents, papers, records, or other recorded information within the possession or control of the Federal land banks and Federal land bank associations, Federal intermediate credit banks and production credit associations and banks for cooperatives.".

SEC. 510. Paragraph (1) of section 1141b of title 12 of the United States Code is amended to read as follows:

"(1) shall maintain its principal office within the Washington, D.C.-Maryland-Virginia standard metropolitan statistical area, and such other offices in the United States as in its judgment are necessary".

SEC. 511. Section 3 of the Swine Health Protection Act (Public Law 96-468, approved October 17, 1980) is amended by—

(1) striking "and" at the end of clause (2);

(2) changing the period at the end of clause (3) to a semicolon and adding "and"; and

(3) inserting a new clause (4) reading as follows:

"(4) the term 'State' means the fifty States, the District of Columbia, Guam, Puerto Rico, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, and the territories and possessions of the United States."

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 7548) was laid on the table.

GENERAL LEAVE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

EDDIE PATTEN

The SPEAKER. Under a previous order of the House, the gentleman from New Jersey (Mr. RODINO) is recognized for 60 minutes, and to revise and extend his remarks.

Mr. RODINO. Mr. Speaker, it is my great privilege to address my colleagues by special order of the House to honor my good friend, the distinguished gentleman from New Jersey, EDDIE PATTEN, who is retiring at the end of the 96th Congress.

For the past 18 years EDDIE PATTEN has filled this institution with his warmth, his humor, his compassion, and his profund understanding of the needs and sentiments of the American people. As a friend, I have appreciated EDDIE'S counsel in translating the concerns of Americans into legislative action. During his many years of dedicated service in Washington he has always remained close to his roots in central New Jersey, and in so doing has earned the respect, support and love and affection of his constituents.

EDDIE PATTEN is not one to boast about his accomplishments, but there is much which has distinguished his career in this House. He has served as a valued

member of the Committee on Appropriations and its Subcommittee on Labor-Health, Education and Welfare and Subcommittee on Treasury and Postal Service, ED has been a strong voice for the powerless and the helpless. EDDIE PATTEN has worked diligently to improve the quality of life for the mentally ill, the handicapped, the disadvantaged, the elderly and other needy members of society.

His labor of love has been successful. EDDIE'S efforts to support medical research in the field of diabetes, epilepsy, Huntington's disease, and brittle bone disease, the National Institute of Health, and for alcohol abuse research and treatment will continue to benefit Americans long into the future.

While EDDIE has used his voice in Congress to benefit needy Americans from all over this vast Nation he has never forgotten the citizens of his 15th District of the State of New Jersey. For example, his fight to clean up the Raritan River has led to one of the most miraculous ecological recoveries in our State.

He also initiated the restoration of Ellis Island, where millions of our ancestors first landed in this new world. EDDIE PATTEN had an idea to open Ellis Island to the public so that our children can learn about their heritage—the history of the American immigrant. He got the ball rolling for Congress and the National Park Service to make this idea a reality, and now there are tours of Ellis Island.

His service to the State of New Jersey dates back to his tenure as mayor of the town of Perth Amboy from 1934 to 1940; as Middlesex County clerk from 1940 to 1954, and as secretary of state under Gov. Robert Meyner from 1954 to 1962.

Of all EDDIE PATTEN'S contributions to this Nation, perhaps the most lasting will be his support for education. A former schoolteacher, EDDIE PATTEN has never lost his enthusiasm for learning or his belief that every American is entitled to equal educational opportunity.

As a member of the Appropriations Committee EDDIE has successfully led the fight for Federal help to vocational and adult education. Millions of Americans who have received a better start in life or who have gone back to schools that—with Government help—are better equipped have EDDIE PATTEN to thank.

I can say quite confidently, that without Congressman PATTEN, the Middlesex County College in New Jersey—which offers quality education to thousands of students each year—would not have come into existence.

Without Congressman PATTEN, Rutgers, the State University, would not be as vibrant or diverse a learning institution as it is today.

And without Congressman PATTEN, Princeton University's special physics laboratory which is pioneering research in atomic fusion would still be only an idea on the university's drawing table.

EDDIE PATTEN'S belief in education as the key to the future has benefitted many institutions, and on a more personal level, has provided the means for individuals to improve their lives.

The concern and commitment he has shown toward people will be long remembered in this House. I know that all of EDDIE'S friends and colleagues will join me in echoing a debt of gratitude for his service to his country.

EDDIE, we salute you for your distinguished and honorable service. We will miss you greatly.

We send you and your lovely wife and helpmate Ann, our best wishes for much happiness in the future.

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Mr. O'NEILL. Mr. Speaker, would the gentleman yield?

Mr. RODINO. I yield to the distinguished Speaker of the House, the gentleman from Massachusetts.

Mr. O'NEILL. Mr. Speaker, it is with sincerely strong personal and emotional feelings that I rise to join Chairman PETER RODINO to honor one of the most talented, dedicated and able legislators of the past generation, and one of the warmest, most almable and personable individuals I know, EDDIE PATTEN, on the occasion of his retirement.

EDDIE, I am proud to have served with you in the U.S. House of Representatives for the past 18 years. I can truthfully say that no one can have a finer or more loyal friend than you, ED PATTEN, and I am honored and privileged to consider you one of my best and closest friends.

I am deeply grateful for the political support, personal loyalty, and legislative encouragement you have always given me over the years. ED, the many laughs and anecdotes that we have shared, the good times at home and abroad, the beautiful moments of political triumph, the agonizing periods of legislative defeat—all of these precious memories are part of an enduring friendship that was built on mutual trust and confidence, profound respect and admiration, and a common bond of dedication and commitment to the ideals of decency, honor and justice for all Americans.

ED, you have served the 15th District and the entire State of New Jersey with political compassion and sensitivity to the urgent and essential needs of your constituents. As a member of the Appropriations subcommittee that determines the Federal funding for the labor, education, health, and social welfare programs of the Nation, you have been the champion of the working person, the young student, and the golden ager. Time and time again, you have been unafraid to stand up and be counted for your beliefs and principles and for the courage of your convictions.

No Member of the House is more dedicated than ED PATTEN to the development of the greatest resource we have as a nation, the education of our young people. No Member of the House has been a stronger or a more forceful advocate of higher education than ED PATTEN. EDDIE PATTEN'S commitment to Federal support for student grants and loans and to Federal support for university research and training activities have given, to countless Americans from all walks of life and all ages, the splendid opportunities to develop their full potential.

ED, you have brought to the deliberations of the Appropriations Committee and to the House Chamber a strong sense of personal conviction, integrity, and high moral character and your delightful sense of humor has helped to ease the tension of many emotionally charged and highly volatile House floor sessions.

As Speaker, I thank you from the bottom of a grateful heart for your support and contribution to the successes of the House Democratic leadership over the last decade. I will miss your advice, counsel, and assistance in the 97th Congress. You know, EDDIE, my door is always open to you. In my opinion, a more decent, honorable and benevolent human being than you, EDDIE PATTEN, simply does not exist. Millie joins me in wishing the very best for you and your beautiful wife and devoted partner, Ann, in all your future endeavors.

Mr. MCCLORY. Mr. Speaker, will the gentleman yield?

Mr. RODINO. I yield to the distinguished gentleman from Illinois.

Mr. MCCLORY. Mr. Speaker, I thank the gentleman from New Jersey for yielding.

Mr. Speaker, I am very pleased and very proud to join in this salute to EDDIE PATTEN. I have gained a great respect, admiration, and affection for ED PATTEN and his wife, Ann, in the course of my experience here. He is a great patriot. He is strong on our national security interest. I have had nothing except satisfying experiences and relationships with ED PATTEN.

We had an opportunity on several occasions to participate jointly in the conferences of the Interparliamentary Union where he was a most valuable member, bringing his expertise in the field of our national security and contributing substantially to the interests of our Nation in the discussions which took place at these great international meetings.

In those experiences particularly, I came to know ED PATTEN very well, I feel, to gain an understanding of him, to be delighted by his wonderful sense of humor, by his delightful personality, and to enjoy the friendship of both ED PATTEN and his wife, Ann.

My wife, Doris, I know, would want to join in this expression of affection and respect and good health and happiness to ED and Ann PATTEN.

I thank the gentleman for yielding.

Mr. HUGHES. Mr. Speaker, would the distinguished gentleman from New Jersey yield?

Mr. RODINO. I yield to the gentleman from New Jersey (Mr. HUGHES).

Mr. HUGHES. Mr. Speaker, I want to take a few minutes and join with my other colleagues in the House to say just how much I will miss Congressman PATTEN'S presence when the 97th Congress convenes.

It has been my privilege to serve in the same congressional delegation with EDDIE PATTEN for 6 years. When I was a freshman Congressman back in 1974, Congressman PATTEN went out of his way to show me the ropes. He was always forthcoming with advice and encourage-

ment which he imparted in a style uniquely his.

EDDIE PATTEN is well known for his quick humor and big heart. EDDIE always had time for the little guy and working people and consistently advocated their cause throughout his long and distinguished career in the House of Representatives.

Many of the social programs of the last two decades that aid the poor and the elderly and protect the working man can be attributed to EDDIE. EDDIE never did what was fashionable, he did what was right. He's an old fashioned man who holds his values dear. He came out four square either in favor or opposed to a proposition, there was no wavering with EDDIE once he made up his mind.

Just as you knew where EDDIE stood on an issue, you knew where you stood with EDDIE personally. His reputation for being a loyal friend and staunch ally cannot be disputed. He was one of those rare individuals who had both natural grace and impeccable timing. He knew when to offer encouragement and when to apply pressure. He could put the most nervous constituent or witness at ease and he could disarm the hostile with a quick flash of his legendary wit.

EDDIE, you have done a remarkable job for the constituents of New Jersey's 15th Congressional District and for the rest of the country. I wish you and Mrs. Patten all the best but I am really going to miss you come January.

Mr. RINALDO. Mr. Speaker, will the gentleman yield?

Mr. RODINO. I yield to the gentleman from New Jersey.

Mr. RINALDO. Mr. Speaker, Representative EDWARD PATTEN of New Jersey's 15th Congressional District, has given unstintingly of himself over five decades of public service, and today I joint my colleagues in paying tribute to this conscientious leader on the eve of his retirement from the House of Representatives.

While ED and I have been on opposite sides of the aisle, I have long admired and respected the joy and enthusiasm he has shown for his profession. His life and his record are marked with one achievement after another as he has ably and effectively represented his constituents.

Born in Perth Amboy, N.J., and educated at Rutgers University, he has served as a school teacher and officeholder; as a lawyer and lawmaker. His introduction to political office came in 1934 with his election as mayor of Perth Amboy, a post he was to hold until 1940 when he was appointed clerk of Middlesex County. Subsequently he was named secretary of state of New Jersey, and served in that capacity until 1962, when he was elected to the 88th Congress.

During his 18 years of congressional service, he has loyally championed and creatively contributed to legislation significantly advancing the welfare of our Nation. As the lone member of the New Jersey delegation on the House Appropriations Committee, he lent his considerable influence in 1975 to securing funds to continue operations at Fort Dix, a Federal installation of immense importance to the economy of New Jersey.

On a much broader scale, he has been instrumental in the enactment of legislation advancing the cause of education, and aiding our veterans, businessmen and the working force of this Nation. There is no denying that his service to the Congress, his constituents, and to his nation has been substantial.

In politics he found scope for unfettered expression of a prodigious talent to serve his fellow man with massive gusto, boisterous optimism and boundless wit and humor.

We can say that he had an opportunity to contribute creatively and constructively to the welfare of the Nation, and we can say that he was equal to the task.

He is a cherished friend whose happy countenance will be missed in this Chamber, and on his departure, I express my gratitude for the noble service he has rendered to his constituents, but most of all for the friendship of ED and his wonderful wife, Ann.

Mr. MAGUIRE. Mr. Speaker, will the gentleman yield?

Mr. RODINO. I yield to the gentleman from New Jersey.

Mr. MAGUIRE. I thank my distinguished dean and colleague and distinguished chairman of the Committee on the Judiciary for yielding.

When I first came to the Congress 6 years ago, EDDIE PATTEN did his best to set me straight. I am not sure how well he succeeded, but he tried. EDDIE PATTEN has been that way for every new Member who has ever come from the State of New Jersey and many others as well.

My colleagues have already discussed his distinguished and long record of public service, former secretary of state of New Jersey, advisor to governors and, of course, our representative on the Committee on Appropriations for many, many years. He served his State and his district and his country as best he could.

He is a man of humor, too, as we all well know. I have been at many a meeting of the New Jersey delegation early in the morning or in the evening when EDDIE had us all, Mr. Speaker, as you well know, rolling in the aisle.

□ 1900

He has a kind of ironic perspective. It would be good if more of us shared it more of the time.

I never did get one of his famous ties. I hope EDDIE will arrange for me to get one of those.

He also knows—and this is a very graceful thing really, is it not—when you to step down. Some of the rest of us do not know that as well as he does and some of us have to do it involuntarily as is, of course, a case for the Representative of the Seventh Congressional District of New Jersey this year.

EDDIE, my hat is off to you for your service, your humor and humanity and I wanted to join in this special order tonight.

Mr. RODINO. Mr. Speaker, I yield to the gentleman from New Jersey (Mr. GUARINI).

Mr. GUARINI. Mr. Speaker, my good friend, PETER RODINO, I rise to pay a tribute to a very distinguished American and a dear friend, the Representative from the 15th District of New Jersey, EDWARD J. PATTEN. As freshman Congressman, I have been very proud to serve with you. I think you have made my first 2 years in Congress much richer for your presence.

You will be retiring after 18 illustrious years. I think there is not a man here who would not say you have an unforgettable charm and a very quick wit.

For all that have been here, whether it be the press, your colleagues, public interest groups, you have indeed made a very indelible mark. You have been very diligent. You have worked for your constituents and you have been a champion of the working man. You have been a staunch advocate of legislation for various diverse and deserving segments of our society, particularly with regard to veterans, consumers rights, and senior citizens who are now, I assume, very dear to your heart.

It goes without saying that what you have done here has been indelibly etched in the minds of all of us in the annals of the House of Representatives. Your style, your humor are already a legend in your time and you have had countless meetings, you have had many congressional sessions, many private gatherings. Your agenda has been very full these last 18 years but I think that all of us agree that your exuberance, your effervescence and your down home philosophy and commonsense have certainly made our Nation a greater Nation. We will certainly miss you. I would dub you as Perth Amboy's answer to Will Rogers. Certainly one of the most colorful people who have ever graced our Chamber here. We want you and your lovely wife, Ann, to have the very best in life, health, and happiness and I think that you have served so well here in Congress that what has happened here will contribute greatly to the enjoyment and contentment of other things you will do in your retirement.

I am very, very proud of your record as mayor and secretary of state of New Jersey. I have not heard that before. You have 18 years in the House. You have served in every level of Government, your local government, your State and your Nation. I think we have been very fortunate that your life has touched ours. In a true sense you will always be remembered as one of the most unforgettable characters and personalities and most loved people of this House. I wish you well and we all, our colleagues, wish you and Ann many good years ahead. Good luck and God bless you.

Mr. RODINO. I yield to the gentleman from New Jersey (Mr. HOWARD).

Mr. HOWARD. I thank the gentleman for yielding.

Mr. Speaker, I first met our colleague, ED PATTEN, many years ago when I was a member of the Young Dems. ED PATTEN

was the revered and distinguished Congressman from the adjoining district in Middlesex County. Through the years I have the pleasure and the honor of looking at ED PATTEN, watching ED PATTEN, listening to ED PATTEN, and I think with his retirement from this body that it will not only be a loss to his district, a great loss to the Congress, but it will be a loss to our Nation because with retirement of ED PATTEN, this body is losing what I feel is one of the last true populists in public life.

ED PATTEN has always as his main concern the people back home. He was the one who would be concerned with the basic problems that people have. The man with the lunch bucket. The family concerned about having enough money to provide food, clothing and shelter for the family. It may be because of his intimate knowledge with the depression years that so many of us went through. But ED PATTEN could take comprehensive national legislation and immediately break it down as to how the Federal Government in any piece of legislation could involve itself with solving the problems of the average man. I know that many of us in this body tend to be nationalists or internationalists when we serve here and I think what we should not lose sight of is the image of an ED PATTEN, the philosophy of an ED PATTEN, that we are here really to do what a society and a government ought to do in responding to the needs of the people. ED PATTEN is not only a great Congressman, ED PATTEN was truly a representative. He was truly representative of the people back home, constantly raising his voice for their needs. I would like to see us return in greater numbers to a Congress of populists.

ED PATTEN, our warm, big-hearted Congressman from Perth Amboy, N.J., never lost touch with his constituency. He provided a clear and steady voice for the people of the 15th District. He was home every weekend, going to weddings and funerals, helping his constituents with problems big and small, and always talking their language and reflecting their views.

If there was ever a criticism of ED PATTEN, it was that he was "too nice." He would work long hours into the night, helping a family on a tough problem when perhaps he should have been home, resting up for the next busy day. I hasten to say he probably knows more of his constituents on a first name basis than any Member of Congress.

A testament to ED PATTEN's record of public service is not complete without a word about his wife, Ann, who with great loyalty and ability has worked side by side with ED during his 18 years in office. But rather than duplicate the words of others about the Patten's very special relationship with other Members and ED's major accomplishments, I would like to pay tribute by reading some of the thoughts that come from the pens of ED PATTEN's own constituents.

A gentleman from Carteret writes to ED PATTEN:

I have gone on record in the past, as an old Republican, who has said that as far as I'm concerned, you've done one helluva job for your district and been a wonderful friend to me personally. Your presence in Washington will be deeply missed by all of us.

A senior citizen writes:

Your assistance to older people will never be forgotten. I only hope your retirement will not keep you from continuing the tremendous service you have given to your community, state and country.

A woman from Metuchen, N.J., whose sons interned with ED PATTEN writes:

Both my sons were imbued with a sense of respect for the office you honor. In a time of doubt and cynicism, I am thankful that they had the opportunity to have developed such positive feelings about the workings of our government.

And finally, a Middlesex County gentleman writes:

There is also a touch of sadness now present. Sadness that the people of the 15th District will no longer have your services. Sadness that our country will lose the services of one who always placed its interest far above his own.

The true test of a natural politician does not take place during a term of service or even in a campaign. Rather, it is reflected in his behavior after he leaves office. That is because a natural politician truly loves people and enjoys interacting with them. And that is why, if you see ED PATTEN walking down the streets of Perth Amboy next year, you will see the same ED PATTEN, stopping to chat, shake hands and offer sympathy and congratulations in the identical warm and sincere manner that has always characterized the man.

Certainly the State of New Jersey has been proud of ED PATTEN, a person we sent down here to Washington to show so many of our colleagues what a true representative of the people can be. We will miss him, this Congress will miss him and the United States of America will not only miss him but be grateful for the service he has given to people all over this country.

Mr. RODINO. Mr. Speaker, I yield to the gentlewoman from New York (Ms. FERRARO).

Ms. FERRARO. Mr. Speaker, it is with great pleasure that I join my colleagues in saluting the distinguished gentleman from New Jersey, EDDIE PATTEN. Serving with EDDIE for 2 years has been an honor, and a pleasure. His presence in the House has added to the quality of national legislation, and to the quality of morale in this body. I know that no Member of the House will disagree when I say that EDDIE PATTEN's warmth, wit, and ability to laugh at everything, including himself, have contributed in an absolutely lovely way to the atmosphere of the House of Representatives.

EDDIE PATTEN's wit is known in every office throughout the Hill. Few of our colleagues have taught us as much about the human nature, and humanity of this institution and its Members, as EDDIE. But, of course, the name EDDIE PATTEN is synonymous with more than humor and wit; it is also synonymous with dedicated public service. Congressman PATTEN has given of himself for more than half a century. After 7 years as a public school teacher, he became mayor of Perth Amboy in 1934. He has continued to serve the people of New Jersey since that time. He has served not only continuously, but with dedication and success. He is as well loved in New Jersey as he is in the Halls of the Congress, and will be missed by all.

I join Chairman RODINO, the Members of the New Jersey delegation, and all of my colleagues in expressing appreciation to EDDIE PATTEN for his work, and wishing him continued success. EDDIE will be sorely missed, and, I am sure, long remembered.

□ 1910

Mr. MINISH. Mr. Speaker, will the gentleman yield?

Mr. RODINO. I yield to the gentleman from New Jersey.

Mr. MINISH. Mr. Speaker, it is a privilege to join my colleagues in paying tribute to our good friend ED PATTEN upon his retirement from Congress.

ED and I came down from New Jersey to Congress together in 1963, and I have found it a genuine pleasure to serve and work with him here these 18 years. I know that I will miss this good and loyal servant of the people, who has contributed such warm good humor to this Chamber.

The "Almanac of American Politics" has rightly noted that—

Patton's greatest political asset . . . has been his sense of humor; he is the kind of person for whom politics is a joy and campaigning a pleasure.

All here who have benefited from ED's enthusiasm will remember him fondly, and I hope that none of us will forget the example he has set of conscientiously watching out for the well-being of the people who sent him here.

ED PATTEN possesses a quality which is all too rare here in Washington: he has never forgotten where he came from. Since the beginning of his venerable political career, as mayor of Perth Amboy in 1934, ED has maintained the warm affection for his constituents which has been so characteristic of him. I like to picture him walking through the familiar neighborhoods of his district, as I am told he does, with his pockets bulging with pennies to give to the little children who he meets. His well-earned reputation for service to his constitutents is just another manifestation of this same caring regard for his people.

ED started out as a teacher, in addition to practicing law, and he has never forgotten his early commitment to education. Many of our friends from New Jersey and elsewhere were present this last June when ED's alma mater, Rutgers, presented him its special Rutgers University Award, the highest honor which that fine school can give, in recognition of his achievements on behalf of higher education. ED said at that time that he would want to be known as the "educational Congressman," and his tireless efforts on the Appropriations Committee have certainly been enough to earn him that distinction. It is ED's firm commitment to social justice which has moti-

vated his enthusiasm for education for all, which has opened to all citizens greater opportunities.

Nor has ED forgotten his native State of New Jersey, which he has served continuously in several capacities for over 50 years. His effective work to prevent the closing of Fort Dix is just one of his better known accomplishments for the Garden State. His support for public education projects and for the development of fusion power will continue to offer solid benefits to his own Middlesex County, to New Jersey, and to America for years to come.

ED's achievements in public office alone cannot explain the affectionate regard which we all share for him. I will resist the temptation to reminisce about the many anecdotes of ED's spirited humor, which we all treasure. I will just say that, ED, we will miss you. We are the richer for your having been among us, in more ways than the children of Perth Amboy will be pennies richer because of your retirement. I wish you and your dear wife Anna a proud, happy, and productive retirement.

Mr. ROSTENKOWSKI. Mr. Speaker, will the gentleman yield?

Mr. RODINO. I yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. I thank the dean of the New Jersey delegation for yielding.

I had no idea that we were going to be discussing the political life of ED PATTEN this evening, but I would certainly feel remiss if I did not add my voice to what I consider one of the truly most outstanding public servants that I have had the pleasure of working with in Congress.

ED PATTEN and Annie have for a long time been friends of the Rostenkowskis, Laverne and I enjoy their company all the time.

But you know something peculiar happens in politics today. We become so committed to the media, and we forget about the personal services that really made this country the great Nation that it is. That is the quality that I would like to speak about that never left ED PATTEN and Annie. It is a personal relationship with the people in their district.

I have seen this happen in my great city of Chicago, where people in a community look to their public servants as a counsellor, as a guide, and truly as a light.

I know that in my community people want their public servants to be concerned with not only the politics of legislating, but the politics of community service.

I think EDDIE PATTEN and Annie going back to New Jersey every weekend and serving their constituency in this manner is a hallmark.

You know, it has long been said that we here in Washington continuously read about each other. We read it in the Post or the Times or in the CONGRESSIONAL RECORD, or we read it in the Wall Street Journal, but the Pattens go home and read the papers at home, read the community papers and know what is going on in their community.

Maybe there is a lesson taught in this election. Maybe we ought to get home a little bit more often like the Pattens do, and maybe we ought to talk to our constituents the way they do; and maybe the country will be greater for this.

EDDIE, I am going to miss you. I know Laverne is going to miss Annie. I know that I have learned a great deal at your knee. I just hope that you do not take a vanishing pill. I hope that you come back to Washington as often as possible and enjoy our company as we have enjoyed yours.

Good luck to you, pal.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. RODINO. I yield to the gentleman from Ohio.

Mr. ASHBROOK. I thank the gentleman for yielding.

I would like to add my congratulations to a very fine gentleman, a very good friend and possibly not endeavor to outdo some of my colleagues who have properly spoken in superlatives, but maybe just an observation of a person on the other side of the aisle.

You know on almost every issue here for the past 20 years, there are sides, and many come down on one side of an issue and many on the other.

I have pointed out from time to time that once in a while there is a feeling among many Members when their side wins that light prevails and there is reason. When the other side wins, the House is in an ugly mood, or we do not know what we are doing.

We know one thing about EDDIE PATTEN. I would say, no matter which side wins, no matter whether it is his side or on those rare occasions when maybe the other side would win, EDDIE is always in a good mood. EDDIE always has a bright outlook, and if in any particular case h's side did not win, he is usually philosophic about it. He is usually congratulating the people on the other side, saying, "Well, you won this one."

You know I think in the light of what the gentleman from Illinois (Mr. ROSTENKOWSKI) said a few moments ago, many of us sometimes tend to take ourselves a little too seriously around here, and we can expound the things we believe in. We can stand up for issues, but when we win or lose, we should be good winners, and we should be good losers. That is the thing I like to remember about EDDIE PATTEN. He is a good winner and a good loser. He has been a good friend.

I would say again one thing, EDDIE, I think I pointed out to you some years ago. Quite often in our travels we all get an insight unexpected into another Member's campaign, another Member's district, another Member's family, maybe even sometimes another Member's problems.

I remember one time on a rare occasion when I was enjoying myself away from the work of this body and around a swimming pool. I heard a very able and smart young man next to me telling a friend how he was going to go back to New Jersey and beat the tail off EDDIE PATTEN.

Well, I sat there and listened. He did not know who I was, and I did not know who he was. But in the course of about an hour I could tell by what he was saying he was not going to beat EDDIE PATTEN. I think EDDIE can remember I told him that particular occasion.

I had the interest to see what the vote was that particular year. It was something like 2 or 3 to 1 maybe. It was that close.

□ 1920

I think the lesson there was that there are going to be a lot of flashes come along. There are going to be a lot of people who think they are going to knock some of the older Members, those who are not quite as much out front, out of the box; but the steady Members normally come back, and I would say that EDDIE PATTEN has been one of those steady Members. He has been a friend. He has been a person who, win or lose, has a smile on his face and, you know something, EDDIE, there are not too many of the 435, including the Member speaking, who can make that statement.

So I congratulate you, EDDIE, as a friend, and look forward to your enjoying the many years you deserve ahead.

Mr. RODINO. Mr. Speaker, I thank the gentleman.

I yield to the gentleman from Ohio (Mr. STOKES).

Mr. STOKES. Mr. Speaker, I thank the distinguished chairman of the Committee on the Judiciary, who is in the well, for yielding to me.

I would like, Mr. Speaker, at this time to commend the gentleman from New Jersey for affording all of us an opportunity to pay tribute to one of the most distinguished Members of this body. I did not prepare any remarks for submission into the RECORD, as I had originally intended to do, because EDDIE PATTEN is sort of special to those of us who have had the privilege of serving with him on the Appropriations Committee. I served with him on that committee now for 10 years.

We have also had the pleasure and privilege of a friendship by virtue of our service on the Labor-HEW Subcommittee on Appropriations.

It has been an opportunity for me to learn a great deal from a man who has a tremendous amount of experience and public service. I admire EDDIE PATTEN. I admire him for many reasons. I admire him because he is perhaps one of the most able and dedicated Members of this body, but also because he took very special pride in his service, not only on the Appropriations Committee, but particularly on that Labor-HEW Subcommittee.

I think as all of us know in the House, the Appropriations Committee and its subcommittees spend many long days and many hours listening to witnesses and hearing testimony with reference to the legislation that comes before our committee.

EDDIE PATTEN took a great deal of pride in the long hours that he would sit there and listen to witnesses and interrogate them. It was during this period of time that I was able to acquire the great respect and admiration that I have for him, because he would sit there day after day after day and listen to witness after witness after witness. Many times when others on the committee would run off to do other things, EDDIE PATTEN would very patiently sit there and adhere to his responsibility on that committee.

This is where I learned of the uncanny knowledge that he had of the programs that come under the Labor-HEW bill and the extraordinary knowledge that he had about the institutions and the programs in his own district. Oftentimes he would in interrogating witnesses refer to specific programs, specific institutions in his congressional district and tell the witness how those programs specifically affected the people whom he represented.

Of course, all of us will miss what has been affectionately referred to here today by others as his delightful humor. Often on many days when the witnesses were dull and the testimony was even duller, we could always depend upon EDDIE PATTEN to inject some of his delightful humor and thereby furnish the witnesses and the members of the committee a little respite from the dullness of the day; but during his service there, I would like to pay tribute to the way that he particularly was concerned about those kind of programs that affected minorities, the poor, the disadvantaged and the elderly in our society. It is in that category or that class of persons who benefited from his long years of service and his extraordinary knowledge of those kinds of programs.

So I join with the chairman, the dean of the New Jersey delegation and all the Members of the New Jersey delegation and the other Members of this House in saluting EDDIE PATTEN for his great service to the House of Representatives, to the State of New Jersey and to this Nation.

Mr. RODINO. I thank the gentleman.

I yield to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Speaker, I thank the distinguished chairman for not only having yielded, but for having alerted us to these special orders in which we pause and render our tribute, very much justified, to our beloved colleague, EDDIE PATTEN.

I think that really all I could say has been said very eloquently and far better than I could by our colleagues who have spoken previously; but I think there is one thing we must know, that the common thread running through every utterance that has been made here today and, in fact, the common thread that we find in every conversation having to do with ED PATTEN is symbolized by the use of one word, or several related words, "A friend, friendship, friendly." I think you will find that word in every single one of the speeches that have been made here today. I think it is so symbolic, because it is a thing that personifies Congressman PATTEN.

I think that his record of service in this body, and certainly I am a contemporary of his, having served with him all through the years that he has served, we have discovered that Representative PATTEN is for the people. The votes show that. The likes of myself from San Antonio, Tex., voting almost identically, practically 100 percent through 18 years with EDWARD J. PATTEN of New Jersey is I think very revelatory of some common pattern that we find ourselves enacting in our role as legislators in our voting record through the years when there is a transcendence of that purely parochial responsibility of attempting to represent that geographical district that we are charged with representing.

There is no question that the decision by ED to retire was not only a sad one to me personally, but to every one of us, and a genuine loss to our representative form of government. We need the PATTENS in a most desperate way and in a continuing way; yet I know that his decision was made very soberly and after much consideration.

I take this opportunity to wish him Godspeed in the lovely company of his very wonderful wife, Annie.

Mr. RODINO. Mr. Speaker, I thank the gentleman.

● Mr. FLORIO. Mr. Speaker, I would like to join my colleagues on both sides of the aisle today in honoring the long and distinguished public career of our colleague, ED PATTEN.

Since 1963, ED has brought to this House a sense of humor, warmth, and genuine friendship that will be greatly missed. I think that all will agree that this Chamber simply will not be the same without him. ED PATTEN'S love of his work, State, and Nation has had a positive influence on all who have known and worked with him.

ED PATTEN began serving the citizens of his hometown when he was elected mayor of Perth Amboy in 1934. ED's concern with helping people resulted in his election to offices offering greater public responsibilities as he later served as Middlesex County clerk, New Jersey secretary of state, and finally in Congress.

ED's dominant concern in his public career has been his overriding regard for people. No problem has ever been too small for ED's personal attention in his efforts to provide exceptional service to his constituents. Only by speaking with his constituents do you fully realize how successful ED PATTEN has been in helping people work with their Government, and to have the Government understand and act on their needs. ED PATTEN will be sorely missed by the residents of Middlesex County who have acquired a better impression of their Government through ED's tireless efforts on their behalf.

Support for education has also been in the forefront of ED's work in the Congress. While ED's formal education includes a bachelor of science degree and a degree in law, he never has forgotten that many others have been denied college educations because of lack of public moneys and Government support. Largely because of ED PATTEN, the University of New Jersey, Rutgers, stands today as one of the Nation's excellent learning centers. ED's contributions to the university's development will long be remembered.

I have been proud to serve with ED. The Congress and the State of New Jersey are losing an exceptional public servant. ED's good cheer and love of life will long stay with us. To ED and his lovely wife Anna, I wish many more happy and productive years.●

○ Mr. REUSS. Mr. Speaker, it is my privilege to join in this special order to honor my colleague, EDDIE PATTEN, who will retire upon the adjournment of this 96th Congress. EDDIE has been engaged in service to the public since his days as a schoolteacher beginning in 1927, and has held elective office since 1940. He has been an outstanding representative for the citizens of New Jersey's 15th District, who have wisely returned him to Congress in every election since that district's establishment in 1962. Since 1965, EDDIE has served with great distinction as a member of the Appropriations Committee.

Throughout his years in Congress, EDDIE has demonstrated unflagging kindness and compassion to his fellow Members. I heartily concur with Congressman RODINO'S characterization of EDDIE as one of our most beloved Members. 'EDDIE'S impending retirement, though well earned through years of dedicated service, is a severe loss to his colleagues and constituents.●

● Mr. OTTINGER. Mr. Speaker, I am pleased to join my colleagues in recognizing the many efforts and contributions of my good friend and colleague, Congressman EDDIE PATTEN.

For over 50 years, EDDIE has served in public office, the last of those 18 years representing New Jersey's 15th District.

Over those 50 years, EDDIE has devoted himself to working to strengthen our educational system. In this regard, his work on the Appropriations Subcommittee on Labor and HEW is particularly noteworthy. His support for adult vocational training programs and his commitment to continuing education has been of vital importance to countless people.

EDDIE'S service to his constituents has earned him the well-deserved reputation as one who truly cares for the welfare of the people of his district. Nearly every Saturday, for 18 years, EDDIE has journeyed back to Perth Amboy to meet any constituent in need of assistance.

Mr. Speaker, the retirement of EDDIE PATTEN represents a great loss for the Nation, the Congress, and the American people. I know that all of us will miss him.●

● Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I am honored to join my colleagues in a tribute to the distinguished gentleman from New Jersey, the Honorable EDWARD J. PATTEN. EDDIE PATTEN has been a longtime friend and we are indebted to him for his warmth and loyalty over the past 18 years. His busy and accomplished career in State, local, and Federal Government cannot go unnoticed. If you look into EDDIE'S past you can see a long line of dedicated service. He is a loyal New Jerseyan in every sense,

and his constituents would heartily agree after electing him to eight terms in the House.

The people of New Jersey, the 15th District, and this House of Representatives will miss your many services. You have served this country well. To you, your wife Anna, I wish you luck in your future endeavors.●

● Mr. RICHMOND. Mr. Speaker, it gives me the greatest of pleasure to participate in this special order honoring one of the most beloved Members of this body, EDDIE PATTEN, who is retiring after nine terms of dedicated service in the House.

EDDIE PATTEN is a prodigious reader who possesses an absolutely remarkable memory. Moreover, his excellent sense of humor, his decency, and innate kindness will be sorely missed.

I join EDDIE'S colleagues of the New Jersey delegation and his many, many good friends in wishing him the very best of everything.●

● Mr. MAZZOLI. Mr. Speaker, I would like to join with my colleagues in the House of Representatives in honoring EDWARD PATTEN, Congressman from the 15th District of New Jersey, who has decided to retire after 18 years of service to the people of New Jersey and the Nation.

In 1963 when EDDIE joined the Congress, he brought with him a wealth of experience in public service and the law, as well as a sense of humor that has aided him to put his other numerous talents to work for his constituency.

EDDIE'S warmth and expertise will be sorely missed by us all in the challenging years ahead.●

● Mr. GIBBONS. Mr. Speaker, I was fortunate enough to come to Congress with ED PATTEN and, of course, as freshmen we met and had a lot in common.

Through all these years I have greatly admired ED. He is a man of many fine virtues and of good judgment. I say as he leaves, ED, your job has been well done. You have been an excellent Representative, and you have made a fine contribution to our Government. Good luck.●

● Mr. CARTER. Mr. Speaker, I am pleased to join in this tribute to a grand gentleman, my good friend from New Jersey, ED PATTEN.

ED is a jovial, genial fellow who is well liked by his colleagues on both sides of the aisle.

Well known for his expansive personality, his good nature in no way diminishes the outstanding record of public service he has built at the local and State levels, as well as here in the Congress.

It has been a pleasure to serve with him. As he retires, it is my wish for ED that he will have many more years to enjoy life and to provide those smiles and good-natured comments which have so enhanced the enjoyment of life for so many others. May God bless and keep him.●

● Mr. COLLINS of Texas. Mr. Speaker, I am proud to join Mr. RODINO of New Jersey and all of EDDIE PATTEN'S New Jersey colleagues as an expression of appreciation for the great service he has given our country. EDDIE'S genial smile and friendly enthusiastic spirit is going to be missed in the House.

EDDIE PATTEN has a warm heart. This was evident every day, as EDDIE'S concern was always how any bill would affect the average guy who was working back in New Jersey. He had a feel for the average workingman that few people had the depth and experience to comprehend.

After his long period of service, we will all miss EDDIE PATTEN. But New Jersey will be proud and will long remember the great service he has rendered here in Congress for all America.●

● Mr. VAN DEERLIN. Mr. Speaker, I leave it to others to discourse on the substantive loss the House will feel in EDDIE PATTEN'S departure. I shall limit myself to considering only the measure of joy this Chamber forfeits along with him.

No moment we have shared over the past 18 years was so grim that it could not be lightened by a burst of the PATTEN wit. It has always been hard to leave ED'S company without wearing a smile. For here is a man who, first of all, refuses to take himself too seriously—and who can be relied upon to puncture the balloon of overly serious persons around him.

Yes, Mr. Speaker, the mirth of ED PATTEN will be sorely missed. About all his former colleagues will have gained in the next Congress is an extra sofa in the Democratic cloakroom.●

● Mr. ROE. Mr. Speaker, I rise today to join in this well-deserved congressional salute to New Jersey's best friend, ED PATTEN.

Over the many years I have had the pleasure of working with ED, I can truthfully say there has never been anyone who had a harsh word to say about this kind, considerate, and loving man.

But do not get me wrong. This gentle human being, who has been referred to in the past as having a personality similar to that of Santa Claus, was also one of the toughest and shrewdest politicians on Capitol Hill when it came to serving the needs of his constituents, and his beloved State of New Jersey.

ED was never the guy to showboat his deeds for headlines in the local newspapers. Rather, he was content to work quietly but effectively behind the scenes to get the job done.

Though it was never widely known, ED PATTEN, more than any other member of the New Jersey congressional delegation, was largely responsible for saving Fort Dix, when the Army first tried to remove basic training from the base in 1975 when he served on the Armed Forces Appropriations Subcommittee. He personally received assurances from then President Gerald Ford that the base would not be closed.

Those efforts set the precedent for the still ongoing fight to save Fort Dix that we in the New Jersey congressional delegation will have to continue for years to come.

The accomplishments he has achieved for his constituents are legendary. Nothing was more important to ED PATTEN than serving the needs of the people of the 15th Congressional District. And they realized that fact better than anyone else. It is not surprising then that ED PATTEN, until his announced retirement, has been the only lawmaker to represent the 15th Congressional District of New Jersey in Congress since it was first created in 1962.

It is with a sincere lump in my throat that I bid goodby to ED PATTEN. And I say that in the most selfish sense. For ED PATTEN is the kind of man who can bring a touch of humor to what, on the surface, appears to be the most serious of matters.

Perhaps the legacy of this gentle, kind man during his 18 years in Congress was that he taught us all how to be more human in dealing with the sometimes grave affairs of this great Nation. EDWARD, you are, indeed, one of a kind, and we will all miss you and your lovely wife, Ann, dearly.●

● Mr. RINALDO. Mr. Speaker, Representative EDWARD PATTEN of New Jersey's 15th Congressional District, has given unstintingly of himself over five decades of public service, and today I join my colleagues in paying tribute to this conscientious leader on the eve of his retirement from the House of Representatives.

While ED and I have been on opposite sides of the aisle, I have long admired and respected the joy and enthusiasm he has shown for his profession. His life and his record are marked with one achievement after another as he has ably and effectively represented his constituents.

Born in Perth Amboy, N.J., and educated at Rutgers University, he has served as a schoolteacher and officeholder; as a lawyer and lawmaker. His introduction to political office came in 1934 with his election as mayor of Perth Amboy, a post he was to hold until 1940 when he was appointed clerk of Middlesex County. Subsequently he was named secretary of state of New Jersey, and served in that capacity until 1962, when he was elected to the 88th Congress.

During his 18 years of congressional service, he has loyally championed and creatively contributed to legislation significantly advancing the welfare of our Nation. As the lone member of the New Jersey delegation on the House Appropriations Committee, he lent his considerable influence in 1975 to securing funds to continue operations at Fort Dix, a Federal installation of immense importance to the economy of New Jersey.

On a much broader scale, he has been instrumental in the enactment of legislation advancing the cause of education, and aiding our veterans, businessmen, and the working force of this Nation. There is no denying that his service to the Congress, his constituents, and to his Nation has been substantial.

In politics he found scope for unfettered expression of a prodigious talent to serve his fellow man with massive gusto, boisterous optimism and boundless wit and humor.

We can say that he had an opportunity to contribute creatively and constructively to the welfare of the Nation, and we can say that he was equal to the task.

He is a cherished friend whose happy countenance will be missed in this

Chamber, and on his departure, I express my gratitude for the noble service he has rendered to his constituents, but most of all for his friendship.●

● Mr. COURTER. Mr. Speaker, with the retirement of ED PATTEN, the State of New Jersey will lose a fine Member of Congress.

For the past 18 years, ED PATTEN has represented Middlesex County with vigor and dedication. I regret that I have only been able to work with him for 2 brief years, and, together with the rest of my State's delegation, I will miss him deeply.

When ED PATTEN retires, the House and the people of New Jersey's 15th Congressional District will lose a distinctive personality. In my view, ED's characteristic qualities of affability and cheerfulness represent an attitude toward politics that is too fast disappearing, and an attitude from which we can all take a lesson. ED shows us that, despite our occasional partisan disputes and legislative disagreements, politics can still be a pleasant and joyful endeavor. I am sure that ED's deep commitment to public service is the basis of this attitude.

Although I have a difficult time imagining him outside of public life, I join my colleagues today in extending my sincere best wishes to ED PATTEN for an enjoyable retirement. After his long service and hard work, his retirement is certainly well deserved. The people of my State will long remember and appreciate his service to the Nation.●

● Mr. MILLER of Ohio. Mr. Speaker, all of us will miss the distinguished gentleman from New Jersey, our friend and colleague, ED PATTEN, as he retires at the end of this Congress. After 18 years, he has become something of an institution around here. No one can miss ED's exuberance on the floor or in committee meetings. No one can ignore him when he makes a point in his own inimitable way. His warmth, friendliness, and kindness have been appreciated by all those who have been privileged to truly know him.

His legal training and service as a mayor, county clerk, and secretary of state in New Jersey have given him that breadth of experience and knowledge that he has so capably used in this body. The people of New Jersey's 15th District have been well represented throughout ED's distinguished House career.

ED and I have served together on the Appropriations Committee for several years. His great sense of humor has often been a welcome respite in the grinding course of hearings. His analytical mind, incisive questioning, his feeling for history, and his wide experience in public service have been invaluable to the Treasury, Postal Service, and General Government Subcommittee.

We will miss you, ED, and wish you much happiness and continued success in your retirement years.●

● Mr. ANNUNZIO. Mr. Speaker, I rise in tribute to the Honorable EDWARD J. PATTEN, who is retiring at the close of the 96th Congress.

ED PATTEN has given almost two decades of dedicated and devoted service to his constituents of the 15th District of New Jersey, and has compiled an outstanding record during his distinguished career. His diligent efforts as a member of the House Appropriations Committee have been both fruitful and beneficial to the citizens of this Nation, and indeed, these successful efforts have made America a more prosperous and productive country.

Few men have given more of themselves to good government, or have a more compassionate understanding of human problems than has ED PATTEN. He has been in the forefront of efforts to implement meaningful solutions and effective action on behalf of individual citizens caught in the bewildering maze of outrageous Federal bureaucracy.

ED is a fine legislator and a distinguished leader, and he will be missed by both his constituents and his colleagues.

I extend to ED PATTEN my best wishes for a healthy and happy retirement.●

● Mr. CONTE. Mr. Speaker, what can you say about EDWARD J. PATTEN which has not been said already in his last 46 years of exemplary service to his State of New Jersey and these United States.

Since his early days as mayor of his birthplace, Perth Amboy, ED PATTEN knew how to get tasks accomplished. He came to Washington in 1962, with years of experience in the political arena. While other freshman Members were bogged down with learning the intracies of parliamentary procedure, ED PATTEN was establishing himself as a "do-er"; one capable of negotiating a position and completing the business of the day.

ED PATTEN continues to be one of this body's most politically astute Members. No one in recent memory has exhibited the kind of political perception as this man, to whom we pay tribute today. He has the uncanny ability to zero in on the issues facing this Membership and put his finger on the problem. His intuition is something to behold.

I speak about this kind, warm-hearted individual from experience. I have had the distinct pleasure of working with this New Jersey legend for many years on the House Appropriations Committee. From his first days in the Congress, ED PATTEN has championed the cause for adult education in our Nation. Year after fiscal year, I have seen him stand toe-to-toe with other Members whose philosophies differ on this issue of education. ED PATTEN's dedication to this program, as well as many others in which he has taken an active role, must be commended.

We have all seen the bumper stickers which read "If you can read this, thank a teacher." Well, I think that slogan should be amended to read, "If you can read this, thank EDWARD J. PATTEN."

ED, we will all miss your spirited debate in the subcommittees, full committee and the House floor. However, it must be said that I, personally, will be deprived, not only of your politically active mind, but also of a number of more material, and mundane things. I speak, of course, about your weekly delivery to me of a box of "Bering" cigars which I purchased from you. ED, let me say, for the record, I have never held a grudge against you even though week after week, you stuck me with the "Berings" which taste like a rope, while you are savoring the cigar for elitists, "Corona-Coronas."

In addition, it must be noted, I will miss the flurry of activity generated when you roll into Washington, looking like a truck farmer who is selling produce to make ends meet. I will never forget your double-clutching the many loads of fresh produce from the great State of New Jersey for me and the rest of this Membership. The GNP of this country may go up by 2 percent now that New Jersey farmers will be receiving retail prices on their crops.

On the serious side, there may never, again, be another Member of Congress with the wit, flair, and ability to get down to the task at hand as this man. I, along with the entire Membership, wish to thank you for your dedicated service and join in saying Godspeed; we will miss you, EDWARD J. PATTEN.●

● Mr. BINGHAM. Mr. Speaker, the imminent retirement of our friend and colleague fom New Jersey ED PATTEN, is a sad occasion. For many of us his departure will leave an irreparable gap in the House.

Over the past 16 years it has been such a pleasure to be in the same organization as ED. When the rest of us might be feeling overburdened or dispirited, there was always ED PATTEN to make a very audible and whimsical comment to cheer us up.

Although he had friends on both sides of the aisle, he was always very much the party man. He prided himself, quite properly, on being a good Democrat. One might say, indeed, that he was—if my colleagues will pardon the expression—"the life of the party."

In my particular case, ED PATTEN boosted my ego by remarking now and again that he considered me his "leader" on questions involving foreign policy.

Although we never served on a committee together, I have many vivid recollections of ED over the years—ED asking practical, down-to-Earth questions at State Department briefings, ED offering pungent and well-informed comment in the give-and-take of debate on an Appropriations Committee bill, ED in Havana talking straight-from-the-shoulder to Fidel Castro, and so on and on.

The House of Repesentatives is a place of constant coming and going. We have to expect that, and in many cases we welcome it. But when we have had for many years a landmark of good humor, of warmth, and of friendship, then we cannot help wishing that landmark could remain as a permanent fixture.

Alas, that is not the way of it. We have to say "so long" to ED and his delightful wife Anna and wish them the very best in whatever they undertake to do. We hope they will not forget us and will come see us from time to time. We surely vill not forget them.●

● Mr. DRINAN. Mr. Speaker, I am pleased to join in the tribute to my colleague from New Jersey, ED PATTEN.

A distinguished graduate from Rutgers Law School, with a background in education, ED has served the public well since

1934 when he was elected mayor of Perth Amboy.

During Ed's lengthy term in Congress, he has been highly respected for his hard work and devotion to education. This commitment is exemplified both by his continued support for colleges and universities in his district, and in his well-received contributions to the Appropriations Committee.

Through Ed's unquestioned ability, kindness, and sharp sense of humor, he has proven to be one of the Members of Congress who will create a void in leaving but who will retain the respect he has deserved. He has my warmest wishes for continued success.●

● Mr. HOLLENBECK. Mr. Speaker, I join my colleagues who have been privileged to work closely with the gentleman from New Jersey, EDWARD PATTEN, in recognition of his illustrious service and in extending warm wishes for happiness and good health in his well-earned retirement.

Mr. PATTEN's public career began in 1934 as mayor of Perth Amboy, N.J., and has included service in the 88th through the 96th Congresses. Those of us who have served with Mr. PATTEN in this body recognize not only the longevity of his representation, but the significant contributions he has made here over the past two decades. On the Appropriations Committee and on the Committee on Science and Astronautics during that exciting period when the Nation mobilized its talents and resources for successful manned space flights, Mr. PATTEN has been a great asset not only to the 15th District of New Jersey and to our State but to the Nation. His presence will be missed when the 97th Congress convenes next year.●

● Mr. BOLAND. Mr. Speaker, I am delighted to join my colleagues in honoring one of the most distinguished Members of the House, ED PATTEN.

ED PATTEN began his illustrious career in public life in 1934 as the boy mayor of Perth Amboy, N.J. He remained in that position until his election as clerk of Middlesex County in 1940, a title he retained until 1954. ED served as secretary of the State of New Jersey from 1954 until 1962 when he was elected to the 88th Congress. In each of the public offices he has held, he has been uniformly successful. He has served the people of New Jersey and the entire Nation with dedication.

ED is a fixture in the State of New Jersey, and he has become a fixture in the House as well. Because of his unique character and ability to communicate with any individual, he is universally respected, admired, and well-liked. I have been fortunate to have had the opportunity to serve with ED on the Appropriations Committee since 1965. His knowledge, insight, and understanding have been an enormous help to the committee and to the entire House over the years. I am sure that all of us in the House will miss his scholarly counsel in the difficult years ahead.

I join ED PATTEN's many friends in extending to him our best wishes for health, happiness, and prosperity in his retirement.●

● Mr. MURTHA. Mr. Speaker, I believe that one of the most missed Members of the next Congress will be Representative EDDIE PATTEN.

As I contemplate his leaving I think back to the very positive attitude he brought to the House of Representatives and the many times when his candor and warmth helped us through a particular legislative problem.

I remember when Congressman PATTEN was on my weekly radio program. In typical EDDIE PATTEN style, he answered my questions straight from the hip, with no holds barred, informing my listeners very clearly of what was going on in Congress and what his views were on the key issues of the day.

Congressman EDDIE PATTEN is a friend. He is a man of consideration, and a man with warm feelings for the men and women around him, and the people of this House of Representatives. He will surely be missed in the next Congress, but he will also surely remain in all our hearts and minds.●

● Mr. LONG of Maryland. Mr. Speaker, I join my colleagues in praising my dear friend, EDDIE PATTEN, who is retiring from Congress after ably serving the people of New Jersey's 15th Congressional District for the past 18 years.

EDDIE and I share a few things in common. We were both elected to the 88th Congress and have served together 16 years on the Appropriations Committee. Over the years I have watched EDDIE's influence grow and his commonsense approach to dealing with our Nation's problems gain him the respect of the Members of this Chamber.

EDDIE rose to Congress from the grassroots of New Jersey politics having served as chairman of the Middlesex County Democratic Committee and county clerk as well as Mayor of the city of Perth Amboy, his boyhood home.

My best wishes to EDDIE and his lovely wife, Anna. We will certainly miss them.●

● Mr. JONES of North Carolina. Mr. Speaker, it is with mixed emotions that I rise to pay tribute to my good friend, EDDIE PATTEN. When I first heard of his retirement my feelings were that of sorrow that next session I would not have the pleasure of his warm and delightful wit. But as I thought further of his retirement, due to his outstanding dedication and record here in the Congress, he is entitled to many years of rest and recreation.

I consider him a real personal friend; and I have never been to him with problems affecting my district to which he did not respond in a most favorable manner. By any criteria, EDDIE PATTEN is one of the most popular men in the U.S. Congress. This fact alone leads me to believe that he will be sorely missed by all who knew him.

To him and his family, I wish the best of everything in the years ahead.●

● Mr. GILMAN. Mr. Speaker, I am proud, but sad, to join tonight in this special order saluting our colleague, my good friend EDWARD JAMES PATTEN of New Jersey, who will be leaving this House at the end of the 96th Congress.

EDDIE PATTEN is one of the best-loved Members of this body—a man with a kind word for everyone, a gentle manner, and a story for every occasion—a man who has been willing to go to bat for the individual constituent and the deserving program time after time. With devotion he has carried out his duties to his constituents and to the Nation, especially through his service on the Committee on Appropriations, where he has been able to make his concern for the "little man" count.

Permit me to recite an example of EDDIE'S concern for his fellow man.

Just a few months ago, EDDIE took time out to meet at some length with a constituent of mine who was seeking funding for a program for the deaf-blind carried in the Labor-HHS-Education appropriation bill. EDDIE came off the floor, listened at length to the presentation, and, in cooperation with the gentleman from Kentucky (Mr. NATCHER) arranged for the needed funding to be provided. I would mention, parenthetically, that because of the lack of action in the Senate on the Labor-HHS-Education bill, we are not yet out of the woods on this item, and I will probably need EDDIE'S help once again.

EDDIE PATTEN obviously loved his work in the House—I sincerely hope that he and his lovely wife Anna will continue to enjoy good health and happiness in their activities after his retirement from the House, and I hope he will come back to visit with us here often. EDDIE, good luck and God bless.●

● Mr. RAHALL. Mr. Speaker, I am pleased to join the distinguished chairman of the House Judiciary Committee, Mr. RODINO, in paying tribute to our retiring colleague, EDWARD PATTEN of New Jersey.

For 18 years, EDDIE PATTEN has represented the 15th District of New Jersey with vigor and joy. He enjoyed his job, and was good at it. His constituents respected him and valued his representation.

EDDIE PATTEN'S commitment to Middlesex County was a strong one. He was a teacher for 7 years, he was the mayor of Perth Amboy, the clerk of the county, and secretary of state for the State of New Jersey.

Although I have had the honor of serving in this body for only 4 years, I have been touched, as I know many other Members have been touched, by EDDIE PATTEN'S kindness and humor. He is a fine man, and all of us, as well as his constituents, will miss his leadership and his presence.

I wish him the very best and hope that he will visit us from time to time, to spread his joy and share his experiences.●

● Mr. JONES of Oklahoma. Mr. Speaker, I am delighted to take this opportunity to honor my colleague, ED PATTEN, but I regret that the occasion must be his retirement.

Congressman ED PATTEN has represented the 15th District of New Jersey since 1962, and his contribution of 18

years is a laudable one. Representing a district composed of very diverse nationalities, he has consistently been an able and responsible legislator, following a middle path and winning friends on both sides of the aisle. He has served with distinction as a member of the Appropriations Committee, and those who have served with him on the Labor-HEW Appropriations Subcommittee know of his interest in and compassion for the concerns of the working person.

Although ED PATTEN'S legislative functions may be assumed by his newly elected successor, the place he has won among us a man of great kindness, geniality, and humor cannot easily be filled. ED PATTEN has been called "a man for whom politics is a joy and campaigning a pleasure," and he has been a valuable asset both to his constituents and to the House of Representatives. I and all his many friends in Congress will deeply miss his warm and generous presence.●

● Mr. BEVILL. Mr. Speaker, I would like to take this opportunity to join with my colleagues in extending my sincere best wishes and thanks to my good friend and colleague, EDDIE PATTEN, upon his retirement from Congress.

Throughout his 18 years in Congress he has represented the 15th District of New Jersey with the highest levels of competence, legislative ability and genuine concern for his constituents and his country.

I shall personally miss his wise counsel on the Appropriations Committee, where we have served together. And I know that I speak for all of my colleagues when I say that we will miss EDDIE'S warm and rich good humor.

The people of his district have every right to be very proud of the tremendous job EDDIE PATTEN has done for them. I hold him in the highest respect and I cherish our friendship.

I wish EDDIE a very long and happy retirement, and I know that his good work and good cheer have been an inspiration to us all.●

● Mr. BRINKLEY. Mr. Speaker, when I first came to Congress in 1967, ED PATTEN was my next door neighbor on the seventh floor of the Longworth Building. I moved into the suite formerly occupied by Charles Weltner, also of Georgia. ED PATTEN knew Charles well and he was also a close friend and acquaintance of Tic Forrester, one of my predecessors.

Charles Weltner was perceived to be an urban liberal while Tic Forrester was perceived to be a rural conservative. Both were very excellent lawyers. Perhaps it was natural then for me to be influenced by ED PATTEN'S moderation. He had a streak of populism in him because he cared deeply about his fellow man. He had a basic fundamentalism about him reflecting a deep patriotism and love of country.

ED PATTEN has a zest for living, in addition, which makes him a good example for us all. He is always ready with a humorous remark and is never afraid to stand up and be counted.

ED'S official staff family shall always be special to me as shall be his dear wife, Anna, who is one of his finest assets.

Good luck, ED. You will be genuinely missed in the House of Representatives.●

● Mr. DERWINSKI. Mr. Speaker, with the close of this session of the 96th Congress, we will see the departure of a well-respected and outstanding colleague, EDWARD J. PATTEN. It is a pleasure to join this afternoon in paying tribute to EDDIE'S illustrious and dedicated career in the House.

On a number of occasions, I have traveled abroad with EDDIE in connection with our assignment with the interparliamentary union, and I can attest to his excellent representation of the United States, as well as his being an effective voice on behalf of our foreign policy.

EDDIE will most certainly be remembered as a man of great ability; a conscientious and highly capable legislator; and one of the most personable Members of the House. A compassionate and warm man, EDDIE has earned a great deal of respect from both sides of the aisle for his friendly manner and humor.

Through his gentle but firm wisdom and skillful expertise, EDDIE has helped to lead this Nation toward more responsible fiscal policies in his position on the House Appropriations Committee. He has played a major role in confronting the problems that face our country and the Congress.

His dedication, his wit and friendly disposition, and his conscientious service to the needs and interests of his constituents of New Jersey's 15th District serve to make him an outstanding Member of this House. He leaves with us a record of accomplishment and personal example which we will all treasure.

I join in wishing EDDIE and his wife, Anna, the best of health and happiness in the years ahead.●

● Mr. CORRADA. Mr. Speaker, I rise along with my fellow colleagues to salute the gentleman from New Jersey, my friend, EDDIE PATTEN. Mr. PATTEN has represented New Jersey's 15th District since it was first established in 1962. Since then, EDDIE has been an active and distinguished Member of the House of Representatives, and for his accomplishments he will be warmly remembered.

As the representative of Puerto Rico in Congress, I deeply regret Mr. PATTEN'S decision to retire. The gentleman from New Jersey has been a good friend of ours through his many years in service and has shown great sensibility in understanding the peculiar problems of Puerto Rico.

We will all feel the loss of this outstanding man, but we all know that he will continue maintaining in the future the role of public leadership that has so distinguished him in the past. Because of his contributions to a better America, he certainly will always be an asset to our Nation.●

● Mr. ADDABBO. Mr. Speaker, I join with my colleagues in expressing deep sorrow that our colleague, the Honorable EDWARD PATTEN of New Jersey, has decided to retire at the end of this term. I have served many years with ED on the Appropriations Committee and my admiration and affection for him has grown with each passing year.

I have received much wise advice and counsel from ED, some of which was even requested. ED is the sort of friend where you get the advice whether you need it or not. Through the years we have had many long conversations together, which consisted of me listening and ED talking.

There will never be another ED PATTEN in this House for the simple reason that when God made ED, he broke the mold. Here is a man who quietly served for 18 years with dignity and tranquility surrounding him, along with cigar smoke and a few raucous stories.

But though people get tickled from the enjoyment of being with ED PATTEN, who enjoys life to the fullest every minute of every day, we sometimes tend to overlook the fact that there is a shrewd and brilliant mind operating behind that homey facade. I have seen ED devastate many a witness who had not bothered to check his facts before coming before the subcommittee. I have seen ED reach back into that memory bank of his and pull out facts that everyone else had forgotten but which were relevant and exactly to the point.

The people from the 19th District of New Jersey will, I am sure, be ably represented in the new Congress. But they are losing a man of great experience, of great compassion and of great ability with the retirement of our good friend ED PATTEN. We who remain here in the House will manage well enough, I suppose, but there will be a little less fun in this House next year, with the absence of ED.

We have people in this body who have taken themselves very seriously through the years. To paraphrase the old saying, ED has never taken himself very seriously, but he has taken his work to heart. Never has there been a more aggressive fighter for the causes that involved people who could not ordinarily defend themselves. ED has always taken the position that the rich and the powerful could afford the ways to make their desires known. Someone had to lead the cause for those who could not, and for 18 years in this House and for many years previously in the State of New Jersey, ED PATTEN has performed that public service diligently.

He has been a good and true friend for more years than I like to remember. I hate to see his time come, when he leaves this body. But since he has made his decision to do so, I can only ask that his years in retirement be healthy and fruitful and filled with as much enjoyment as he gave during his years here.●

● Mr. LEDERER. Mr. Speaker, I would like to associate myself with many of the remarks made in tribute to EDDIE PATTEN on his retirement from the House of Representatives.

EDDIE has had a very distinguished public service career. Formerly the mayor of Perth Amboy in the late 1930's, ED went on to become the clerk of Middlesex County, and then New Jersey secretary of State. In 1962, he was elected to serve in this House in the newly drawn 15th Congressional District. To all these public offices, EDDIE brought the finest of

political skills: Patience, perseverance, and a fine sense of humor.

EDDIE one time told me a story that I would like to share with my colleagues:

He once dreamed that he died and went to heaven. When EDDIE went to heaven, following a full and joyful life on this Earth, Saint Peter met him at the gates and said:

"EDDIE, you've led a most wonderful life, bringing joy and happiness to all those around you. I'd like to grant you one last wish before letting you into heaven. Anything you want, EDDIE, just name it and I'll grant that wish."

EDDIE did not hesitate a moment before giving Saint Peter his answer:

"I'd like to return to Earth and be Mrs. Patten's second husband."

EDDIE, all of us in this Chamber hope Saint Peter will grant you that one last wish. And we hope that you will not only return to Earth to be Mrs. Patten's second husband but also to rejoin all of us as a Member of this great institution. Until that time, let me add my best wishes to you upon your retirement. It has truly been a great honor to have served with you.●

● Mr. WOLFF. Mr. Speaker, I am pleased to have the opportunity to join my colleagues in paying tribute to a man who has become an institution on Capitol Hill—EDDIE PATTEN.

I arrived in Congress just one short session following EDDIE PATTEN and have continued to be impressed with his professionalism throughout our long tenure together. I know that his friends will miss his geniality; indeed, his warmth and joviality kept us going through many an arduous session on the floor, and the people of his district will miss his hard work and careful leadership on their behalf.

My colleague's admirable work on behalf of veterans and minorities, his work to clear the inconsistencies and unfairness in laws regarding civil service and postal employees, and his concern for the working people will be long remembered. Indeed, as a member of the Appropriations Committee, he brought his foresight and knowledge to bear in the handling of crucial assessments. I am proud of the work we did together. Most recently, I am grateful to him for the help his office showed in obtaining extra funding for the Helen Keller National Institute for Blind and Deaf Youth and Adults in Sands Point.

The Congress will be losing EDDIE PATTEN, but the dedication he has exhibited will continue as an example to us all. I am proud of the friendship we have developed and look forward to its continuation as the years progress.●

● Mr. SEBELIUS. Mr. Speaker, I would like to join my colleagues in paying tribute to our friend, EDDIE PATTEN, the first and only Congressman from the 15th District of New Jersey.

EDDIE first came to Congress in 1962 but he began his political career in 1934 as mayor of his home town. I do not know if we can put a finger on what his secret of success is but he must have done a lot of things right to remain in public service for 46 years.

EDDIE, as we know is a lawyer, but he is also an educator and I think that I speak for the entire body when I say that we have all learned from him.

I would like to take a moment to commend him for his outstanding work in the Congress, especially on the Science and Astronautics Committee and with NASA and the space programs. His labors and dedication have not gone unnoticed.

In closing, I would like to say that it has indeed been an honor and a privilege to serve with the gentleman from New Jersey during my 12 years tenure in the House of Representatives.●

GENERAL LEAVE

Mr. RODINO. Mr. Speaker, I ask unanimous consent that all Members may have 5 days in which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

IN THE MATTER OF REPRESENTATIVE MICHAEL O. MYERS OF PENNSYLVANIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 60 minutes.

Mr. GONZALEZ. Mr. Speaker, the day before yesterday I addressed the House about the most troubling development in the 19 years that I have served in this House. It has to do with the very existence of the form of representative government as we know it and as, unfortunately, we take for granted. In the course of the presentation, I was not able to focus on the central thesis or aim that I had, because I yielded to two of my colleagues for questions and discussion, which I always believe is proper if the time is there.

I would like at least partially not to encumber the House at this late hour with a full hour of discussion on some of those remaining threads that I was not able to follow through and complete day before yesterday.

The action of the House in the matter of Michael O. Myers on October 2, if left as it was in the present status that it finds itself, I feel is a harbinger of what eventually will be the dissolution of the stability and the existence of this body as a representative body.

□ 1930

The decision by the House on that day was very historic and very much a precedent, in my opinion. It was a sad era and precedent which must be modified by subsequent discussions by this House and the adoption of rules to avoid the terrible miscarriage of due process in the particular case which I think will continue to be a danger poised over our collective hearts as we go into the future.

We have got to consider the fact that the actions of the House were unprecedented on two counts. One, that it was going into a totally uncovered area of action in the history of the House. Expulsion, yes, had been recorded once, but we must remember the circumstances of that. It was a terrible time of upheaval and passion and division and hatred, and there is nothing to vouchsafe the fact that we will not face under other circumstances similar periods of division and passion and hatred and civil war.

Even if we do not reach that point, certainly those of us who should have been sobered by the experiences since 1973 in the highest levels of our Government, and the contemporaneous disarray in not only the executive branch of the Government but in our own legislative branch, the first branch of the Government.

In defense, as was brought out in the colloquy by the two gentleman who participated day before yesterday, the fallback is on the clear, limpid language of the Constitution in article I that says without any equivocation that the House has the power to evict, expel, expulse. But, like every other power, it is not one that is limitless and unrestricted. It is a power that by the inherent nature of our constitutional body is subject to those controls and restrictions placed by the Constitution itself in other areas.

The unimpeded right of the House to expulse is certainly subject to a rational and a justifiable constitutionally speaking expulsion, and also subject to all of the other imperatives of the Constitution. The other rights assured every American in the Constitution, one of which, of course, is due process, but also the others, the fifth amendment, the sixth amendment, the fourth amendment, all are involved and, in my opinion, were flagrantly violated by the House in its action on October 2.

But, then, if that were not the case, and I were in error, the most disturbing development of all is that the House, not only the committee, but the House abandoned its own law, its own rule, in less than 3 months' time where the nature of the case was identical, there was a question of punishment, of disciplining a Member of the House. Yet the rule it set up in one case less than 120 days later was abandoned with apparently no substitute rule as a precedent upon which we could anchor down future consistent actions.

The question was raised day before yesterday: Am I contending that the legislative body, known as the House of Representatives, is the judicial body where we would be constrained to follow the rules of judicial procedure? I think the answer is obvious. The Supreme Court itself has answered that question. Yes, we are at least a quasi-judicial body when we act specifically in these areas of activity disciplining a Member, just like we are a quasi-executive branch in our actions when we are reviewing those matters in which, for example, the other body consulted administratively on executive branch actions. At that time we are converted as the Supreme Court has brought out in several instances.

But if that is the case and we are indeed at points a quasi-judicial body, but even if we were not we are still supposed to be a deliberative body. A deliberative

body by definition is one that deliberates and, in order to deliberate where you have more than one member, a collection of members, you must certainly have rules of procedure, limitation of debates, recognition, et cetera.

If those rules are either abandoned willy-nilly or set up for one case only to be abandoned in another, and changed as specific personalities are presented to the House for disciplining, then we have no rule. We are then not a deliberative body. We are a mob. We are a gang. We cannot escape the fact that that is the stark truth confronting us.

We have, for example, the change in the rules by the committee. It is a justification for handling differently the case of Mr. Myers as distinguished from the case of Mr. Diggs. But that is actually sophistry. That is fine hair-splitting. That is pettifogging. That is not a justification. It is not even an excuse because the fact is that the rules were changed by the committee in midstream, not the House.

I am speaking about House actions, not necessarily committee actions, even though I do want to go into that. I hope I will be able to have the opportunity to present my feelings and my thinking and apprehensions to the committee tomorrow. Such a meeting was made possible through a letter I received today from the chairman of the Committee on Standards of Official Conduct in reply to the letter that I placed in the RECORD day before yesterday which I had already sent to the chairman and the committee. So he answered very quickly and in it stipulated that if I wished they would have time to hear me tomorrow, Thursday, at 10 o'clock. As I pointed out to him, I have a conflict having to do with my legislative commitments and if I can get away from the conflict I will be there.

However, I ask unanimous consent that at this point I may be permitted to place into the RECORD the reply to my letter of day before yesterday by the chairman of the Committee on Standards of Official Conduct.

The SPEAKER pro tempore. Without objection.

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT,
Washington, D.C., November 18, 1980.

Hon. HENRY B. GONZALEZ,
House of Representatives,
Rayburn House Office Building,
Washington, D.C.

DEAR HENRY: I very much regret that you have reached two incorrect impressions as a result of the two newspaper accounts about which you wrote me on November 17, 1980.

First the New York Times account of November 14 from which you concluded that Mr. Prettyman interrupted the court to notify the court of the Committee's action with respect to Mr. Jenrette. The fact is that the notification was to Mr. Jenrette and his counsel in the privacy of the jury room and was extended to him as a matter of courtesy before the information was otherwise made public. It is standard committee practice to notify all persons who may be the subject of committee action, as much in advance of public disclosure as is possible, and I feel that is proper.

With respect to the Washington Post article, you will note that it cites Mr. Jenrette as the source of the information that the committee inquiry would be dropped if he resigned from the House. This is, of course, an obvious truth, as the committee jurisdiction would expire under such conditions. The committee made no such announcement or other disclosure as to in any way emphasize this fact.

The Committee will, of course, be glad to hear from you on this matter if this letter is not a sufficient explanation. We are scheduled to meet in open session on Thursday, November 20 at 10:00 a.m. in Room 2212 of the Rayburn House Office Building at which time I will be happy to recognize you if you wish to appear at that time.

Sincerely,

CHARLES E. BENNETT,
Chairman.

Mr. GONZALEZ. The disturbing thing also having to do with the committee is that it has a special counsel highly paid. The records of the Clerk's Office show that he has received not less than $250,000 to date, and he has been on board a matter of a few months. The sum of $250,000 has gone to a counsel who before the House presented the decision of the committee.

In fact, I will even say further, before this decision of the committee itself was made in the case of Michael J. Myers he was saying to the press "This man is a liar." He should not be allowed to be a Member of this House 1 hour longer than it is allowable for us to have him as a Member of the House.

□ 1940

This is the Special Counsel who actually should be labeled the prosecutor because this is what we have entered into. We have entered this bramble patch which no Congress in 1789 had seen fit to do. The old saying that fools rush in where angels fear to tread was never best exemplified than in this case, and I said that when the resolution came up for the setup of this Committee on Standards of Official Conduct.

I am not now ranting and raving. This is something I have been apprehensive about from the beginning. I might say by way of explanation I was also apprehensive about another situation in 1965 with the resolution calling for the 25th amendment, which since its adoption I have introduced repealer resolutions because I have considered it, as I have considered the actions of this committee and the action of the House on October 2, as a tremendous threat to the continuous stability, even the existence of our form of representative democratic constitutional government.

That is another question: I want to sum up by saying that when the Special Counsel acts as if he is speaking for that committee and in fact is demanding action on the part of that committee through the press, there are serious questions about just what control the duly-elected Members of the House have over their hired hands. I have always felt that the experts and the professional staff are supposed to be on tap, not on top.

I think that in this case we have flagrant violations where not only prior to the decision of the committee, but then in anticipation of action on the part of the House, utterances quoted widely in the press and in the news magazines, the weeklies—Newsweek, Time, and so forth—had one intent, and if not intended certainly an expected result of impressing and, to a certain extent, intimidating the sitting Members who would be facing an election in less than 34 days.

What else? What else? How could any Member say, "Oh, my goodness, how can I tell a constituent about this terrible betrayal of public trust, this fellow Congressman who has ended up doing wrong, and here it is in all the papers, and here is the chief counsel for this committee saying that it is unreasonable to expect this man to stay 1 day longer than he ought to be permitted, and how can I take a position to a constituent that I am for allowing him to stay?"

What else could be the intended effect of that? But more disturbing, as I was attempting to bring out day before yesterday, we have pending cases, for example, the case of Representative JENRETTE, where the counsel goes to the court while proceedings are on and so the court is interrupted—even though in the chairman's letter to me he states that the newspaper is in error, that the counsel did not interrupt proceedings. The facts, as faithfully reported, are that the counsel appeared while the court was in session and sent a note to the judge wherein the judge suspended, and then they went to the jurors' room where the counsel advised Mr. JENRETTE—who was under heavy pressure to offer his resignation at that point—for what reason? I presume to avoid the embarrassment of the House or at least the committee having to be consistent in view of its action on October 2.

Obviously they cannot get around the argument that would they not do that or contemplate it, they would be certainly inconsistent, as we have charged they were as compared with the case of Representative Diggs.

What purpose would this Chief Counsel have of going in the midst of proceedings, where the very fate and where yet the decision has to be made as to the fate of this Member? The chairman says that the customary thing was done because they wanted to be the first to inform the Member that the committee had decided to take up this matter and look into it, and presumably they wanted to beat anybody trying to leak that information precipitously and prematurely; and so, therefore, this is justification for this highly paid lawyer to go and interrupt the proceedings, to communicate this to the defendant.

It seem to me that it is highly improper and even from an ethical standpoint highly questionable, because this judge now is pondering over 25 volumes of evidence in the case, which the committee in the meanwhile has decided to go into and which—if it follows the precedent of the Michael O. Myers case—would not do so unless it had available to it all of the evidence which the court has had but which at this point is still under consideration and review by the judge, and where the judge says he will not be able to even finish looking at it until next month, well into the month.

These proceedings ought to be of con-

cern to every Member of the House and the Congress, in my opinion.

I ask unanimous consent that I may be permitted to insert into the RECORD at this time also some clippings from the Washington Star, the Washington Post, and Newsweek concerning statements made publicly by the Special Counsel. His name is E. Barrett Prettyman.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The clippings are as follows:

[From the Washington Star, Nov. 18, 1980]

ABSCAM PROBERS CLEARED BRADLEY AS POSSIBLE TARGET

NEW YORK.—Sen. Bill Bradley of New Jersey was discussed as a potential target for the Abscam bribery scheme, it was revealed yesterday at the trial of Reps. John Murphy and Frank Thompson. The prosecution made it clear, however, that Bradley was never involved in the scheme.

Bradley's name was brought up in the first of a dozen recorded telephone conversations between Howard Criden, the alleged middleman between the two accused congressmen and FBI undercover agents, and Melvin Weinberg, an FBI informant who began his testimony as a government witness yesterday.

In a recorded conversation, Criden and Weinberg discussed the congressmen that Criden had "lined up" for meetings with the agents. Weinberg said that "the only thing we touched in New Jersey was the Senator"—a reference to Sen. Harrison Williams, Bradley's Democratic colleague, who was indicted Oct. 30 on bribery and conspiracy charges.

"OK," replied Criden. "I may be able to deliver the other senator."

Criden went on to describe how he was arranging for two other New Jersey congressmen, including Thompson, to attend meetings with the agents. The recorded conversation continued:

Criden: "And the third guy will be the other senator."

Weinberg: "What's his name?"

Criden: "Bradley."

Bradley, a first-term senator and former professional basketball player, has not been charged—nor is the Democrat expected to be. Thomas Puccio, the prosecutor at the bribery-conspiracy trial of Murphy, D-N.Y., and Thompson, D-N.J., told reporters that Bradley could contact the Justice Department for a letter that would clear his name.

The tapes mentioning Bradley were played after Ellis Cook, a former law partner of Criden, testified that Criden told him he had given Thompson $45,000 in bribe money. Of that amount, $30,000 was intended for Thompson and $15,000 for Murphy, Cook said Criden told him.

Cook was the second government witness to testify at the trial of Murphy and Thompson, now in its second week in U.S. District Court in Brooklyn.

Murphy and Thompson are charged with sharing separate $50,000 bribes in return for promising to help two phony Arab sheiks enter the United States. The undercover agents posed as representatives of the sheiks.

Criden was shown taking briefcases, each of which contained $50,000, on behalf of Murphy and Thompson at two separate meetings. But the tapes did not show Murphy and Thompson openly acknowledging they knew the briefcases contained the money.

The defense maintains Criden sought to carry out a "double sting" through the FBI agents, half of which was an attempt to get the money for himself.

When the trial resumed yesterday, Judge George Pratt denied a defense motion for a mistrial on the ground that FBI agent Anthony Amoroso, a key prosecution witness, passed a cup of water to a juror. Pratt said he had determined the jurors were not influenced by the incident.

[From the Washington Post, Oct. 4, 1980]

THE MYERS CASE: A DELICATE, TESTED CONSTITUTIONAL QUESTION

(By Charles R. Babcock)

The House of Representatives may not have seen the last of Ozzie Myers.

If the voters of south Philadelphia decide to reelect Myers next month despite his expulsion from the House and his conviction on bribery charges, the House could face a delicate and untested constitutional question. Who has the final word on who shall represent citizens in the House of Representatives? The people who elect a member or the legislative body that polices the conduct of its members?

It seems clear from the precedent set in the U.S. Supreme Court's decision in the Adam Clayton Powell case that Myers will be eligible to take the oath and be seated if he is reelected. But could the House then expel him again?

In any case, the House has established a new way of dealing with members convicted of a felony. In many past cases, when a jury returned a guilty verdict against a U.S. representative, the House waited patiently for appeals to run out and hoped the member would resign or be defeated. The new approach may be invoked again soon if other House members caught in the Abscam net are also convicted.

In 18th century England, a member of Parliament named John Wilkes was expelled three times and each time his constituents sent him back to the House of Commons. Finally in 1783, his efforts to have the expulsion resolutions expunged were approved. The prior actions were "subversive of the rights of the whole body of electors of this kingdom," it was decided.

In this country, the federal courts have never ruled on the conflict between the people's right to select their representatives and the Congress' right to expel a member. The Constitution offers support for both sides, so it is likely that political reality will decide the outcome of any future debate about Myers' suitability to sit and vote in the House.

Several participants in the Myers' expulsion debate, as well as independent legal experts, said yesterday they believe the House has the right to expel Myers again, but that such a move probably would not be initiated.

E. Barrett Prettyman Jr., special counsel to the House ethics committee for the Myers case, said the committee had not discussed the possibility, but added: "In my personal view the House does have the pure power to expel him again."

The Constitution states in Article I, Section 5 that "Each House may . . . punish its members for disorderly behavior and, with the Concurrence of two-thirds, expel a Member."

However, Article I, Section 2 says that the House "shall be composed of Members chosen every second year by the People of the several states."

The only qualifications are that a member be 25 years old, a citizen for seven years and a resident of his state.

In the Powell case the Supreme Court ruled the House had erred in refusing to seat the Harlem congressman after he was duly elected in 1966. "The House has no power to exclude a member-elect who meets the Constitution's membership requirements," the court held.

In a footnote the opinion by Chief Justice Warren Burger added: "We express no view on what limitations may exist on Congress' power to expel or otherwise punish a member once he has been seated."

The opinion is rich, however, in examples of precedents like the Wilkes' case in England, and excerpts from the founding fathers' debate during the constitutional convention of 1787. The court, for example, took special note of the significance the founding fathers placed on the two-thirds requirement for expulsion.

James Madison "observed that the right of expulsion . . . was too important to be exercised by a bare majority of a quorum; and in emergencies [one] faction might be dangerously abused," the opinion said.

One constitutional authority suggested yesterday the Powell decision protects the people's right that their representative be seated in Congress. That the extra protection of the two-thirds vote requirement showed that the House can still override wishes of the constitutents.

Rep. Wyche Fowler (D-Ga.), a member of the ethics committee, said yesterday, he thought many members would feel that if the voters return Myers, knowing he admitted taking $10,000 in cash from an undercover FBI agent on videotape, there would be little enthusiasm for moving to expel him again.

"There is an argument that it's not simply a constituent matter," he added: "The United States Congress is not a ward-heeling institution of single-member districts. Myers' vote would effect the nation as a whole."

Even though Myers "sold his vote," Fowler said he thinks many members would feel the 37-year-old longshoreman has been punished enough by the first expulsion.

Rep. Charles Bennett (D-Fla.), chairman of the ethics committee, said yesterday that he too felt personally a second expulsion vote would "raise serious questions of basic justice, whether he hadn't paid the penalty already."

Rep. William M. Thomas (R-Calif.), a freshman member of the committee who made an eloquent floor speech Thursday urging Myers expulsion, said yesterday "there's no question to me constitutionally that we could kick him out every time if he's reelected. But practically, most members will feel its sufficient that his constituents know how we judged him before the election."

He added, though, that he would lead a fight to expel Myers if he is sentenced to prison and doesn't resign immediately after his court appeals are exhausted.

In the past, conduct similar to Myer's did not produce expulsions. In late 1971, for instance, Rep. John Dowdy (D-Tex.) was convicted of accepting a $25,000 bribe.

A few months later, the House ethics committee recommended only that he not be allowed to vote. The resolution never came to a vote because the Rules Committee refused to act on it.

Harsher sanctions would be inappropriate until final judicial rulings on the case, the committee said.

In recent years, some members have resigned, so the committee and the House have not had to deal with the troublesome issue. Rep. Charles Diggs (D-Mich.) for example, was convicted in a payroll kickback scheme in October 1978. He was reelected, sentenced to a prison term and served until his appeals failed.

The House finally censured Diggs in 1979. Bennett said the Diggs case was different from Myers because Diggs hadn't "bartered his office."

[From the Washington Post, Oct. 9, 1980]

U.S. MAY GO TO COURT IN ATTEMPT TO GET ABSCAM BRIBE MONEY BACK

(By Charles R. Babcock)

The Justice Department is contemplating suing members of Congress convicted in the

Abscam cases to recover government bribe money taken from undercover FBI agents.

Irvin B. Nathan, the deputy assistant attorney general who supervised the investigation, said yesterday that the department's civil division is "actively considering" suits against Rep. John Jenrette (D-S.C.), former representative Michael (Ozzie) Myers (D-Pa.) and those convicted with them. Jenrette, with a co-defendant, was convicted Tuesday of bribery and conspiracy. Myers, convicted on similar charges in August, was expelled from the House of Representatives last week.

Four House members still face bribery trials in the Abscam investigation. The next trial most likely will be Nov. 10 when the two most senior members accused in the Abscam cases. Reps. John M. Murphy (D-N.Y.) and Frank Thompson Jr. (D-N.J.), face bribery and conspiracy charges. The trial was postponed until after the election because the two committee chairmen said they needed time to campaign.

Nathan said the contemplated civil suits shouldn't be viewed as harassment of those convicted. "We simply want the return of the money," he said. "In the Myers case there's no dispute that he and his codefendants split $50,000. In Jenrette, there's no dispute that [codefendant John] Stowe left the building with $50,000. How they divvied it up doesn't matter."

The department filed a civil suit against former representative Charles C. Diggs Jr. (D-Mich.) in August 1979, claiming he had unjustly enriched himself by taking kickbacks from his congressional employes. The suit was dropped a year later, however, when it became clear that Diggs would not be able to repay the money.

Attorneys for Jenrette and Myers said yesterday that they considered the possibility of the civil suits "outrageous." Kenneth Michael Robinson, Jenrette's lawyer, said, "They gave the money away to get the people to commit the crime." Neil F. Jokelson of Philadelphia, who has filed suits for Myers, challenging his expulsion from Congress, said he recalled that Myers had said he would repay his $15,000 share of the bribe money if the trial judge ordered it.

"Their going after the $15,000 has to cost more than they'd got if they won," he said. "Who's going to pay for the $5 million Abscam cost? Or for the $100,000 [undercover informer Mel] Weinberg got? The least expensive part of the whole proposition was the $15,000 Myers got."

In the Abscam investigation, undercover FBI operatives posed as the representatives of a phony Arab sheik and offered cash payoffs in return for promises to introduce private immigration bills. Secret videotapes of the transactions have been the government's best evidence in the cases tried so far.

Two Philadelphia city councilmen also have been convicted in Abscam trials. In each case, jurors and defense counsel have agreed that the tapes were essential in returning a conviction.

The trial of Rep. Richard Kelly (R-Fla.), who admitted stuffing $25,000 in cash in his pockets in one such videotaped episode and was defeated in his bid for renomination, is scheduled for Oct. 22. But the trial is likely to be postponed because the trial judge now is hearing the case of two former high FBI officials charged with approving illegal break-ins in search of the Weather Underground.

Thus Murphy, Thompson and co-defendant Howard L. Criden probably will be the next to face a jury. Criden, a Philadelphia attorney who was a key middleman in the investigation, already has been convicted in the Myers case. Thomas P. Puccio, the prosecutor in Brooklyn, where the Thompson and Murphy case will be tried, had considered severing Criden from the case to compel his testimony against Murphy and Thompson.

But Justice officials said yesterday that a decision has been made to try the case without Criden as a government witness. A proposed affidavit describing Criden's role in the case shows that he could have testified that both Murphy and Thompson agreed to take part in the bribery scheme, but didn't want to handle any money personally.

Criden never signed the affidavit because he changed his mind about cooperating with the government when first confronted last Feb. 2. The Washington Post obtained a copy of the document, which was filed in court under seal. It said Criden could testify that he gave Thompson payoff money for himself and Murphy.

Without Criden's testimony, the government's case apparently will depend heavily on the videotapes and the testimony of Rep. John P. Murtha (D-Pa.), who was named in the indictment as a co-conspirator but was never charged. Sources have said he talked about taking money, but never took any and thus will not be indicted.

Another target of the Abscam investigation, Sen. Harrison Williams (D-N.J.), also has not been charged. A decision on whether to seek an indictment in his case is expected within a month. His case is considered more complicated than the others because no cash changed hands and because the government agents may have been too aggressive in trying to get him to implicate himself.

The final Abscam trial involving a congressman won't take place until next January, when another Philadelphia Democrat, Rep. Raymond F. Lederer, faces bribery and conspiracy charges.

In each of these cases, members who are convicted also face penalties levied by the House Committee on Standards of Official Conduct. The committee set a precedent for handling such cases when it recommended Meyers' expulsion.

Because the House is returning for a lame-duck session after next month's election, the ethics committee may have to wrestle with the Jenrette case. The committee's special counsel, E. Barrett Prettyman Jr., is expected to begin preparing a sanction hearing against Jenrette if he is reelected or if he is defeated and doesn't resign.

[From the Washington Post, Oct. 9, 1980]

MURPHY SUES NBC, CLAIMS ABSCAM REPORT LIBELED HIM

NEW YORK, October 8.—Rep. John M. Murphy (D-N.Y.) announced today he has filed a $10 million libel suit against NBC for reporting he introduced immigration legislation on behalf of someone he believed to be a rich Arab sheik.

Murphy was indicted June 23 in the FBI's undercover Abscam investigation, during which agents posing as representatives of an Arab businessman offered bribes to congressmen in return for promises of political favors. His trial is to begin Nov. 10. Two of his House colleagues, Rep. John Jenrette (D-S.C.) and former representative Michael O. Myers (D-Pa.), have been convicted in their Abscam trials.

Murphy's suit, filed in state Supreme Court, names as defendants Fred Silverman, president of NBC; William Small, president of NBC News; and network reporters Jessica Savitch and Brian Ross.

"I will not just sit by and let them throw that high, inside pitch and hit me," Murphy said at a news conference. "He [Ross] was not sloppy. This was craft."

Murphy replayed for the news conference a videotaped portion of NBC's Feb. 3 newscast, in which Ross said, "Federal investigators say Murphy actually introduced a bill in the House on behalf of a man he believed to be a rich Arab, but it was actually an undercover FBI agent. Authorities say the bill passed."

Murphy said no such bill was introduced or passed in Congress, and he claimed Ross knew that.

[From Newsweek, Oct. 6, 1980]

A VOTE TO EXPEL A CONGRESSMAN

He was convicted of bribery in the FBI's Abscam investigation, but Rep. Michael (Ozzie) Myers, a three-term Democratic congressman from Philadelphia, still insists he didn't violate any law, though he readily conceded he has been "unethical." Last week he told the House ethics committee that he never actually intended to do anything in return for the $50,000 he received from undercover agents. "I was just playacting," said Myers, who claimed he only got involved as a way of "making some easy money." But when committee members watched the videotapes of his performance, they were appalled. The tapes showed a profane Myers boasting that he could get legislation passed to help a phony Arab sheik. "This man must not remain one day longer than necessary as a member of this House," argued committee counsel E. Barrett Prettyman Jr., who branded Myer's explanation "a lie." The committee agreed, voting 10 to 2 to expel him from Congress. The full House is expected to accept that recommendation this week—which would make Myers the first congressman to be turned out since three members were ousted for treason, for joining the Confederacy in 1861.

[From Inside Congress, Oct. 11, 1980]

JURY FINDS BRIBERY, CONSPIRACY: JENRETTE IS SECOND MEMBER CONVICTED IN ABSCAM TRIAL

(By Irwin B. Arieff)

Following a five-week trial, Rep. John W. Jenrette Jr., D-S.C., was convicted by a Washington, D.C., federal jury Oct. 7 on two counts of bribery and a single count of conspiracy.

The jury delivered its verdict after less than five hours of deliberation. Jenrette said he remained a candidate for re-election and would appeal. "I'm not going to let this destroy me," he said.

Jenrette is the second member of Congress to be convicted in the FBI's "Abscam" political corruption investigation. In late August, a Brooklyn, N.Y., jury found Rep. Michael (Ozzie) Myers, D-Pa., guilty of bribery, conspiracy and interstate travel to aid racketeering. Myers subsequently was expelled from the House, but he too is seeking re-election and has filed suit to regain his seat for the remainder of the 96th Congress. (Weekly Report pp. 2894, 2648)

The next member of Congress scheduled to go on trial for Abscam-related charges is Rep. Richard Kelly, R-Fla.; that trial has been set for Oct. 22. Kelly was defeated in his bid for re-election in the Sept. 9 Florida primary.

The trials of three other House members indicted in the Abscam probe—Reps. Raymond F. Lederer, D-Pa., John M. Murphy, D-N.Y., and Frank Thompson Jr., D-N.J.—will not occur until after the November elections.

In the case of the sole senator reported to be implicated in the probe, the Justice Department has informed the Senate Ethics Committee its investigation of Sen. Harrison A. Williams Jr., D-N.J., is continuing.

"LYING SKUNK"

Convicted along with Jenrette Oct. 7 was a business associate, John R. Stowe. During the trial, government prosecutors charged Jenrette and Stowe had accepted $50,000 in cash from an undercover FBI agent. Prosecutors described the payment as the first installment of a $100,000 bribe to be paid the two men in return for a promise from Jenrette to introduce a private immigration bill on behalf of the agent's supposed Arab employer.

"I've got larceny in my blood," jurors saw Jenrette say during a meeting with the agent that was secretly videotaped by the FBI. At that meeting, however, Jenrette explained he needed more time to think about the deal. He later telephoned the agent to say he preferred to have Stowe pick up the money for him. In a subsequent secretly taped telephone conversation, Jenrette confirmed Stowe had delivered the "package" to him, prosecutors said.

Jurors also saw and heard taped conversations in which Jenrette suggested to the undercover FBI agent that Sen. Strom Thurmond, R-S.C., would be willing to introduce a private immigration bill in the Senate in return for a $125,000 bribe. The government charged Jenrette intended to pocket the money and ask Thurmond to introduce the bill as a courtesy.

"I would just be amazed that anybody would make the statement he's alleged to have made," Thurmond testified of Jenrette. Outside the courtroom, he spoke more bluntly: "It just occurred to me that he was a lying skunk," Thurmond told a group of reporters.

DEFENSES: ALCOHOL, ENTRAPMENT

Jenrette's attorney attempted to portray the congressman as a drunk with financial problems whom the government lured into committing a crime.

On the stand, Jenrette said he had been repeatedly investigated since his 1974 election to Congress, including probes of alleged financial irregularities in a real estate project, employee kickbacks, misuse of his official telephone, misuse of his postal allowance, illegal campaign practices and connections to a drug smuggling operation.

None of the investigations resulted in an indictment, he noted.

He testified he at first thought the undercover FBI agent wanted to meet with him in order to discuss a legitimate loan to bail out a failing munitions plant in his district. When the undercover agent offered him a bribe, he decided the man was a mobster, he testified. He said he stalled for time for fear he would end up "floating in the bottom of the Potomac."

Jenrette denied he had ever received any bribe money. His tape-recorded reference to having received the "package," he said, did not refer to money but to a package of information about the munitions plant. He said Stowe had given him a $10,000 "loan" and kept the rest for himself. Stowe did not testify during the trial.

STANDARDS COMMITTEE INQUIRY

Following the conviction, the House Committee on Standards of Official Conduct began gearing up for its own probe of Jenrette.

The committee already had requested that the evidence in the case be turned over to the House, and that request has been approved by the trial judge. E. Barrett Prettyman, the lawyer retained by the committee to direct the House's Abscam probe, told a reporter Oct. 8 he had begun "preparing materials for the committee to consider upon its return to Washington" Nov. 12.

Prettyman would not say what he would recommend to the committee or how quickly he thought it should proceed. However, in the Myers case, the Standards Committee began its investigation only four days after Myers' conviction, pursued the matter on an expedited basis and recommended his expulsion just 21 days later.

During House floor debate on Myers' expulsion, some members—including Myers himself—complained that the committee's quick action had been geared to the voters rather than to the cause of justice. They said the expedited proceeding had robbed Myers of his due-process rights. (*Weekly Report* p. 2894)

However, Prettyman said he thought Myers had been fairly treated. "I personally do not feel that anything that was said [during the Myers debate] should necessarily affect the way the committee proceeds [on other cases] in terms of its rules or in terms of its procedures. I think [the procedure] stood up very well. . . . Mr. Myers had every opportunity to present evidence, and he did."

RE-ELECTION AND PUNISHMENT

If the panel follows the same timetable as it did in the Myers probe, Jenrette could be expelled from the House before the end of the 96th Congress.

Ironically, if the House adjourns before considering disciplinary action against him and Jenrette is re-elected to the 97th Congress, he might be able to get off the hook more easily than did Rep. Myers—at least, for the time being.

That is because many House members espouse the belief that the constituents' right to choose their representative in Congress is more important than the House right to discipline its members.

Jenrettte's re-election would therefore inject a new element into the disciplinary proceeding. A likely result would be a House decision to inflict on Jenrette a punishment short of expulsion—such as censure—at least until his appeals ran out.

If Jenrette's appeals were rejected and he was about to enter prison, his colleagues would expect him to resign, as has been the general practice in the past.

Rep. Charles C. Diggs Jr., D-Mich., for example, was re-elected after a criminal conviction, and Democratic leaders opposed his expulsion until his appeals had been exhausted. He ended up resigning the day after the Supreme Court turned down his final appeal. If he had not resigned at that time, it is likely he would have been expelled. (Weekly Report p. 1595)

Both Jenrette and Myers would have to be seated in the 97th Congress—at least initially—if they are re-elected in November. That is because of a precedent set in 1969 when the Supreme Court ruled that Congress did not have the authority to exclude Rep. Adam Clayton Powell Jr., D-N.Y. (1945-67, 1969-71) for misconduct in 1967. Congress had refused to let Powell take his seat even though he had just been re-elected and met all the constitutional requirements for membership.

But in a footnote to the Powell decision, the court added that it had no view on Congress' power to expel a member once he had been seated.

HISTORICAL INCONSISTENCIES

The House has been anything but consistent in its past treatment of members convicted of serious crimes. Prior to Rep. Myers, for example, no House member had been expelled from the House for any act short of treason.

Also, though most members have resigned from the House voluntarily before beginning a prison term for a serious crime, there have been exceptions.

Rep. John V. Dowdy, D-Texas (1952-73), for example, was convicted in late 1971 of bribery, perjury and conspiracy and sentenced to 18 months in jail. After Dowdy appealed and announced his intention to retire at the end of the term, however, the House took no action against him.

Rep. J. Parnell Thomas, R-N.J. (1937-50), was able to remain on the congressional payroll for about a month after he entered prison by delaying the effective date on his letter of resignation.

Rep. Matthew Lyon, Anti-Federalist (1797-1801, Vt.: 1803-11, Ky.), even managed to run for—and win—re-election from his prison cell. He had been sentenced to four months in jail in the fall of 1798 for a violation of the Sedition Act.

Rep. Thomas J. Lane, D-Mass. (1941-1963), also served a four-month prison term—for income tax evasion in 1956—while remaining a House member. He subsequently was re-elected three more times.

CONGRESSIONAL FELLOWSHIPS ON WOMEN AND PUBLIC POLICY—OUTSTANDING RECIPIENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Massachusetts (Mrs. HECKLER) is recognized for 10 minutes.

● Mrs. HECKLER. Mr. Speaker, at this time of year people who are special to the Congress are being honored and feted. Members and friends of the Congresswomen's Caucus and the Women's Research and Education Institute did both at a reception Thursday for this year's recipients of Congressional Fellowships on Women and Public Policy. Honored were 13 very bright and capable young women working on the Hill at the same time they are studying at George Washington and other universities. Participating were distinguished leaders from industry, commerce, education, entertainment, and other fields.

These congressional fellowships are implemented through the cooperative efforts of the Women's Research and Education Institute, the study arm of the Congresswomen's Caucus, and the Women's Studies Program and Policy Center of George Washington University. The fellowships are made possible by grants from the Charles H. Revson Foundation of New York and represents the largest single award ever granted to a women's program. Two additional fellowships were funded by R. J. Reynolds, Inc. (R.J.R., Inc.) and another was donated by Philip Morris, Inc. The educational and social commitments and activities of many corporations are rarely in the headlines, and I would like to acknowledge their invaluable support for the fellowship program.

The goals and programs of these congressional fellowships are substantial and vital to a society that considers equity and fairness as its core. Their aims are "to encourage greater and more effective participation of women in public policy formation locally, nationally, and internationally; to examine policies in terms of gender-based differences and to encourage the formulation of policy options that recognize the needs of all people; to promote activities that encourage the translation of research into action; and to increase understanding that those issues now defined as 'women's issues' are in fact 'human issues' of importance equally to men and women and that national and international issues concerning women are interdependent."

Many guests at Tuesday's reception were men and women who have been in the vanguard of a movement toward greater equity for all Americans. A complete list of guests would comprise a Who's Who of prime movers for human issues as well as record enormously successful individuals in a broad range of careers. There are too many individuals to list completely, but a few must be singled out:

Martha Griffiths, who served with

distinction as a Member of Congress for 20 years and was the first woman to serve on the Ways and Means Committee.

Dr. Matina Horner, president of Radcliffe College.

Dr. Dorothy Height, president of the National Council of Negro Women.

Evy Dubrow with the International Ladies Garment Workers Union and Jane O'Grady with the AFL-CIO.

The incomparable actress Jean Stapleton.

Dr. Phyllis Palmer, Virginia Allen, and Constance Conable of George Washington University.

Eli Evans, president of the Charles H. Revson Foundation, our keynote speaker, very kindly gave his support, as did Michael DeMita of Philip Morris, Inc., and Norman Vaines, of R. J. Reynolds, Inc.

Finally, but perhaps foremost, I would like to acknowledge the extremely gifted women who received this year's fellowships. They worked on the staffs of various members, studied Government firsthand, and contributed their keen insights and considerable talents.

Rita Bryce, who is working toward an MBA in business and government relations and who served as a liaison between the national and State officers of Common Cause in Alabama, is researching a variety of economic issues for Rep. MARGARET HECKLER, including women in small business.

Susan Coyle, a former para-legal and current Ph. D. candidate in sociology and social policy, works on housing discrimination against families with children and on employment issues with Senator CHARLES McC. MATHIAS' office.

Deborah Doolittle, of the University of Colorado-Boulder, who is interested in foreign affairs and women's history, works in the office of Caucus Co-Chair PATRICIA SCHROEDER, a Colorado Democrat concerned with the role of women internationally and in the U.S. military.

Denise Driver, a gerontologist with a masters degree from Duke University, is a doctoral candidate at Howard University. She has joined the staff of the Subcommittee on Human Resources of the House Committee on Education and Labor.

Gail Duckworth, who coordinated publicity for the National Organization for Women and the ERA-Alliance while a student at the University of Kentucky, is working for Representative JOHN BURTON's Subcommittee on Retirement Income, where she is developing a widow's survival handbook and researching age discrimination.

Chai Feldblum, a graduate in ancient studies at Barnard College, who has worked as a project coordinator for the Population Resource Center and as a research assistant for the Women's Equity Action League Fund, investigates women's health issues for Representative MARGARET M. HECKLER, co-chair of the Congresswoman's Caucus.

Susan Flaherty, a recent graduate of GWU's National Law Center who is now working toward her master's in law, will expand her interest in tax laws by researching the pension and social security problems of women for Senator NANCY L. KASSEBAUM.

Avery Gordon, who studied international relations at Georgetown University and paid her college tuition by working as a typist, is looking into women's employment problems under the direction of the staff of GERALDINE FERRARO, Democratic Representative from Long Island, N.Y.

Carolin Head helped found the Maryland Network against Domestic Violence and also serves on the Conference Commission on the Status and Role of Women in the Methodist Church, works in the office of Representative BARBARA MIKULSKI. Carolin is currently working on a National Women's History Week bill.

Charlotte Holloman, a law student at Catholic University, has taught adult education courses in Government and social studies in the Washington, D.C., school system. She performs legal research with the Senate Judiciary Committee.

Bonnie Ohmann, who served as a research assistant for a special project, aging as a rural phenomenon, at the State University of New York-Plattsburg and furthered her interest in women's health by participating with the National Women's Health Network, is pursuing her studies of older women's incomes and health problems with Representative MARY ROSE OAKAR of Ohio.

Susan Sundberg, who came to Washington from the University of Nebraska and who has had previous legislative experience in a Representative's office, is working on Senator EDWARD KENNEDY'S Judiciary Committee.

Jacque Wurzelbacher, with experience on the Federal women's program and a mother of three young children, works with Representative GLADYS SPELLMAN, a Maryland Democrat, to assess the adequacy of current legislation and enforcement of child support payments. Jacque helped in researching a statistical profile of the older women for the GWU/WREI study of the economic problems of aging women.●

NATIONAL COUNCIL OF JUVENILE AND FAMILY COURT JUDGES URGE PASSAGE OF VALID COURT ORDER AMENDMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. ASHBROOK) is recognized for 15 minutes.

● Mr. ASHBROOK. Mr. Speaker, during the debate today on the amendments to the Reauthorization of the Juvenile Justice and Delinquency Prevention Act of 1974, we have had the wise counsel of many of this Nation's finest judges. Confronted with a difficult if not unworkable situation created by the Congress with the passage of the 1974 act, they presented their candid and learned views to the Education and Labor Committee on which I am proud to serve as the ranking minority member. Although the committee voted to not adopt their views, I was confident that the entire Congress, when presented with the issues involved, would support the position propounded by the jurists in the field who work with the problems of delinquents and know from experience what will work and not work.

My amendment was passed by an overwhelming majority today. For that I am most pleased. However, I do not count this as a personal victory. The verdict on the Ashbrook amendment was based on the logic of the arguments presented by the judges themselves. The National Council of Juvenile and Family Court Judges worked long and hard to convince legislators that their ability to deal with juvenile offenders was severely hampered by restrictions on the implementation of their valid court orders. I congratulate them for their work, their tenacity and their success.

If I were to single out one who deserves great credit for this success it would be the Honorable John R. Milligan who serves as chairman of the government committee of the National Council of Juvenile and Family Court Judges and is a judge of the Stark County Juvenile Court, Canton, Ohio. Judge Milligan appeared before our committee and made the excellent presentation I include with these remarks. More than that, he followed up with an almost weekly status report on the amendment. When it lost in our committee, he continued his efforts as did his many colleagues throughout the country. I am pleased to note, as an aside Mr. Speaker, that Jack Milligan successfully sought higher office in November and was elected to the Ohio Court of Appeals.

In my experience, all too often we witness legislators here forgetting about the people back home who have to deal with the problems we create by our laws and regulations. That trend is hopefully being reversed. Maybe this is a start. The House of Representatives today listened to those public servants who are on the point, at the front where theory stops and reality begins. In their day-to-day dealing with today's troubled youth, these judges have compassion. They also understand that a court cannot command respect if its valid orders can be flaunted. My amendment, supported by the National Council of Juvenile & Family Court Judges will hopefully make their difficult responsibilities at least somewhat easier.

Mr. Speaker, I include Judge Milligan's remarks:

STATEMENT OF HON. JOHN R. MILLIGAN

We respectfully ask the Congress the following question:

Does Congress intend that every child have the ultimate right, at any age, to decide for himself whether he will (1) continue to run away from home; (2) to go to school; (3) obey State laws for children; or (4) violate legitimate court orders?

As currently interpreted by O.J.J.D.P., the answer to this question is "yes".

A youth who does not violate an adult criminal law continues to be a "status offender", no matter how often he runs away from home or other placement, or is continually truant from school. In fact, the longest period of time such a runaway youth can be held against his will, under any circumstances, is 24 hours (considered a "de minimus" violation by OJJDP).

Horror stories of chronic runaways who have been abused, raped, prostituted, and sometimes murdered should underscore the imperative of some ultimate, bottom-line

authority over such youth. (The "Gacy murder case in Illinois", the mass homosexual murders of kids in Texas, the "Minnesota Connection" with prostitution in New York, the atrocity in California, and CBS's Fort Lauderdale homosexual revelations—all are dramatic examples).

If the purposes of the Act are to be realized—prevention of delinquency by provision of adequate facilities and programs, and by keeping students in school—some ultimate authority is necessary.

Limiting such authority to those who violate a valid court order is a reasonable compromise with those who would opt for continuing to answer the above question with a "yes". The Amendment is specific, measurable, and fair.

It is necessary to ensure the safety, education, and health of that small portion of the youth population who will otherwise endanger themselves.

It is necessary to underwrite families and schools in meeting their custody, care, and education responsibilities.

Isn't there a danger of abuse by the judge on a case-by-case basis? The potential for abuse of authority exists in every facet of society. Fortunately, that potential is tempered as to the courts—and particularly the juvenile courts—by a whole series of checks and balances, including the right of advocacy and appeal.

This Amendment strikes a balance between categoric federal legislation mandates and the state's right to set procedures and rules for dealing with cases on a case-by-case basis, in the public interest.

The proposed Amendment strikes a reasonable balance. It limits any coercive authority to "valid court order" violations, and couples this with the existing language of the next section of the Act (Sec. 223(a)(12)(B)), requiring that if youth are placed in facilities, they must be: (1) the "least restrictive alternatives appropriate to the needs of the child and the community, (2) in reasonable proximity to the family and the home communities of such juveniles, and (3) able to provide the services described in (the Act)".

Also, such youth are categorically prohibited from being placed in adult jails or lock-up. (Sec. 223(a)(13))

The requirement that the court order be "valid" is a strong protection against abuse of discretion by the trial judge. A "valid court order" means one that is issued after full due process rights have been accorded to the youth and his parents, guardian, or custodian. They are enumerated in In re Gault, 387 U.S. 1, and articulated in statutes, rules, and case law in every state. They include:

(1) the right to have the charges against the juvenile in writing;

(2) the right to notice and a reasonable time to prepare for hearing;

(3) the right to an explanation of the nature and consequences of the hearing;

(4) the right to a hearing before a court;

(5) the right to legal counsel, and the right to have such counsel appointed by the court if indigent;

(6) the right to confront witnesses;

(7) the right to present witnesses;

(8) the right to have a transcript or record of the proceedings; and

(9) the right to appeal to an appropriate state court.

Also, the Act encourages, and the judges support, the provision of monitoring through advocacy. See Sec. 233(a)(10)(D), providing for:

". . . projects designed to develop and implement programs stressing advocacy activities aimed at improving services for, and protecting the rights of, youth impacted by the Juvenile Justice System . . ."

Since the adoption of the Juvenile Justice Act, there has been a substantial change in the posture and position of most Juvenile Judges and Juvenile Courts. A healthy, increased awareness of the juvenile court's responsibility to use the least restrictive option in each case, consistent with the treatment needs of the juvenile and his family, and the public safety, has developed. With help and encouragement from OJJDP, juvenile courts have greatly expanded the use of diversion and specific, treatment-related intervention. The use of coercion has been substantially minimized. Thus, status offense referrals to the juvenile courts decreased 9.9 percent in 1976 and 21.3 percent in 1977—a reflection of increased use of community resources and diversion. Detention of status offenders decreased by 40.4 percent from 1975 to 1977. ("Special report: A Summary of Reported Data Concerning Young People and the Juvenile Justice System, 1975-1977," prepared for O.J.J.D.P. by National Center for Juvenile Justice, March, 1980)

CONCLUSION

The federal initiative in juvenile justice is at a critical juncture. Much progress has been made. Much, much more remains to be done.

However, unless the change recommended by the Human Resources Subcommittee is adopted, many states will be impelled to withdraw from participation. The victims of such an action will be the very children and families the Congress intended to serve.

Mr. Speaker, as is usually the case on any issue, there are sides. Those opposing my amendment made very sincere arguments although the usual theme was one of permissiveness which seems to permeate so much of our society. Judges are wrong, parents are wrong. The youthful offender, even the repeat offender? Well, he is victimized and probably right. That seems to be their argument.

I respectfully take the opposite point of view. Judges are entrusted to hear the case and responsibly adjudicate—often siding with the parents, often with the youth. But what is best for society should always be paramount. When you allow the youthful truant to be the one who has the rights and the judge the one we hold as suspect, something is wrong with our system. This seems to be the argument of those who want to continue a situation where the youthful offender can look at the judge and, in effect, thumb his nose.

Ohio is in a particularly critical position. Unless my amendment were to pass, our judges would be under the Federal gun and forced to make accommodations in their courts which they not only do not want to make but, in their experience, would limit their ability to deal with offenders who come before them.

Here is a list of those organizations which opposed the "valid court order" amendment. Maybe our learned judges should take a moment of their time to talk to some of these groups like a Dutch uncle and instill some sense of what is really involved in these issues. Girl Scouts of U.S.A.? Now really. Maybe when the Scouts grow up they will see things differently. At least for the record, here they are:

National Association of Counties.
National Board of YMCA's.
National Conference of Catholic Charities.
National Congress of Parents and Teachers.
National Council on Crime and Delinquency.
National Council of Jewish Women.
National League of Cities.
Association of Junior Leagues.
National Network for Runaway and Youth Services, Inc.
National Prison Project.
National Youth Work Alliance.
American Civil Liberties Union.
American Red Cross Youth Services.
American Veterans Committee.
Boys' Clubs of America.
Campfire Inc.
Girls' Clubs of America.
Girl Scouts of U.S.A.
United Neighborhood Centers of America.
U.S. Catholic Conference.
Association of Washington State Community Youth Services.
California Child, Youth, and Family Coalition.
Colorado Youth Alternatives Council.
Community Congress of San Diego.
John Howard Association.
Illinois Youth Service Bureau Association.
Illinois Collaboration on Youth.
Iowa Network of Community Youth Services.
Maryland Youth Advocacy Coalition.
Michigan Association of Youth Service Bureaus, Inc.
Minnesota Youth Advocates Coalition.
Mountain Plains Youth Services Coalition (South Dakota, North Dakota, Montana, and Wyoming).
New Hampshire Federation of Youth Services.
New Mexico Youth Work Alliance.
Ohio Youth Services Network.
Oregon Youth Work Alliance.
Vermont State Association of Youth Service Bureaus.
Wisconsin Association for Youth.
Youth Network Council of Illinois.
Youth Policy and Law Center, Wisconsin.
Office of Regional, Provincial, and State Child Care Associations.
American Parents Committee.

Mr. Speaker, November 19 will rank as an important day for those who are on the front lines, our juvenile and family court judges who are trying to bring some order to the chaos that society has created and dumped into their courts each and every day of their lives. Society won today. Parents won today. Our fine judges won today.

CONCERN OVER RECOMMENDATIONS OF PRESIDENT-ELECT'S HEALTH ADVISORS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. FERRARO) is recognized for 5 minutes.

● Ms. FERRARO. Mr. Speaker, President-elect Reagan's visit to Washington is being met with enthusiasm and praise, as it should be. I hope, however, that as official Washington evaluates the pomp and circumstance surrounding the President-elect, that we do not fail to give as close scrutiny to the preliminary recommendations being made by Reagan advisors.

Yesterday, I addressed the House to call to my colleagues' attention the recommendations of the social security task force. Today, I use this opportunity to express my concern over reports that the President-elect's health advisors are urging an experiment to meet the needs

of the 1 million Americans who are considered to be uninsurable health risks.

I have no quarrel with the hope that we reach a time when health care is no longer a luxury, available only to those who can afford high insurance premiums and soaring hospital and physician costs. I do, however, find that the program, as reported in the press, is an economic sleight of hand.

Not surprisingly, the recommendations, devised by the health insurance carriers, themselves, call for the financing of premium subsidies to be borne by regular enrollees in the health plans. Thus, while using its right hand to slash the budget, and relieve the burden on the middle class, the Reagan administration may then use its left hand to increase the premiums paid by those same middle-class taxpayers. Content that Government spending was reduced, and their taxes cut, perhaps they would not notice their health costs rising even faster than before. Or, so the President-elect would hope.●

EXPORT-IMPORT BANK FINANCING NOTIFICATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. NEAL) is recognized for 5 minutes.

● Mr. NEAL. Mr. Speaker, I am notifying the House today of a proposal by the U.S. Export-Import Bank to provide financing to assist in the sale of four new Boeing 747SR jet aircraft valued at $230 million to All Nippon Airways, Ltd., of Japan.

The Eximbank is prepared to extend a credit of $92 million to make possible this sale by the Boeing Co. This transaction would be the first of several aircraft purchases from Boeing contemplated by All Nippon Airways.

The Eximbank also has made a preliminary commitment to assist in the future sale of six Boeing 767–200 jet aircraft to All Nippon, and has been informed that the Japanese airline hopes to place orders later for additional Boeing 747SR planes and for 19 Boeing 767–200's.

This notification from Eximbank was referred to me as chairman of the Banking Committee's Subcommittee on International Trade, Investment and Monetary Policy. Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, requires that the Eximbank notify Congress of proposed loans or financial guarantees, or combinations thereof, of $100 million or more. Unless the Congress determines otherwise, the Eximbank may give final approval to the transaction after 25 days of continuous session of the Congress after notification.

I am submitting for the RECORD at this time a copy of the Eximbank notification providing the terms and details of the proposed financing. I would welcome any comments or questions my colleagues might have about about the proposed transaction.

The Eximbank material follows:

EXPORT-IMPORT BANK OF THE UNITED STATES,
Washington, D.C., November 7, 1980.

Hon. STEPHEN L. NEAL,
Chairman, Subcommittee on International Trade, Investment and Monetary Policy, Committee on Banking, Finance and Urban Affairs, Cannon House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, I have reported to the President of the Senate and the Speaker of the House of Representatives on an application currently pending consideration by the Bank. I am taking the liberty of providing you with a copy of this statement.

Sincerely,

JOHN L. MOORE, JR.

Enclosure.

EXPORT-IMPORT BANK OF THE UNITED STATES,
Washington, D.C., November 7, 1980.

SPEAKER OF THE HOUSE OF REPRESENTATIVES,
The Speaker's Room, U.S. Capitol, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the House of Representatives with respect to the following transaction involving U.S. exports to Japan:

A. DESCRIPTION OF TRANSACTION

1. Purpose

Eximbank is prepared to make available a credit of $92,000,000 to All Nippon Airways Company Ltd., (ANA) to facilitate the purchase in the United States by ANA of four new Boeing 747SR jet aircraft. The total U.S. export value for this transaction is estimated to be $230,000,000.

In addition to the aircraft proposed for sale in this transaction, Eximbank has approved a preliminary commitment to ANA to assist ANA in the purchase of six Boeing 767–200 jet aircraft to meet its needs for increased traffic on its routes replacement of aging aircraft. Furthermore, ANA has indicated plans to purchase additional Boeing 747SR jet aircraft and 19 Boeing 767–200 jet aircraft for which it may submit applications for financing to Eximbank at a later date.

The Eximbank Credit for this transaction, together with the Eximbank financing contemplated in the preliminary commitment, would fall within the purview of cases to be referred to Congress under Section 2(b)(3)(i) of the Eximbank Act.

2. Identity of the parties

ANA is the second largest airline in Japan and is owned by various private Japanese shareholders. Its scheduled routes are all to Japanese cities but ANA does operate international charter flights to other countries in the Far East. Eximbank has dealt with ANA since 1963 and all loan repayments have been made on a timely basis.

The Japan Development Bank, an agency of the Japanese Government, will unconditionally guarantee repayment of the Eximbank Credit.

3. Nature and use of goods and services

The principal goods to be exported from the United States at this time are four medium range commercial jet aircraft to be used by ANA to service growing demand on domestic routes. This type of aircraft is a special model having a higher seat capacity than the standard 747 aircraft and designed only for short and medium range routes. Deliveries of the aircraft are scheduled for February, May, November and December of 1981. The aircraft covered by the preliminary commitment will be exported in 1983 and will be utilized primarily to replace aging fuel-inefficient aircraft.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons

Eximbank's financing support for the export of U.S. aircraft has assisted U.S. aircraft manufacturers in obtaining approximately 80% of the world market (which includes the United States) for commercial jet aircraft. Through 1990, aircraft purchases by foreign airlines are expected to account for approximately 40% of the total U.S. aircraft sales. Over the next two to three years several large foreign airlines will be undertaking major reequipment programs, and most airlines choosing a particular aircraft type will continue with future purchases of the same models to maintain fleet continuity. During these next few years there will be intense competition from foreign aircraft and engine manufacturers and they will be supported by subsidized export credit from government sources. Eximbank believes it must be sensitive to purchasers' needs during this period of new product selection to insure that U.S. aircraft and engine manufacturers are able to offer attractive financing which helps them to sustain their position as a leading U.S. export section.

The Boeing Company estimates that the export of the four Boeing 747SR aircraft and the six Boeing 767 aircraft will provide 6,822,800 man/hours and 6,108,000 man/hours of work respectively for Boeing, its subsidiaries and its sub-suppliers. Additional benefits which will flow to the United States from the transaction include sizeable follow-on exports of spare parts, spare engines, ground support and other related equipment.

2. The financing plan

The financing plan for the total U.S. procurement for the 747SR jet aircraft supported by Eximbank Direct Credit is as follows:

	Percent of U.S. costs	Amount
Cash payment	60	$138,000,000
Eximbank direct credit	40	92,000,000
Total	100	230,000,000

(a) Eximbank Charges. The Eximbank Credit will bear interest at the rate of 9.25% per annum, payable semiannually. Eximbank will charge a commitment fee of ½ of 1% per annum of the undisbursed amounts of the Eximbank Credit.

(b) Repayment Terms. Aggregate disbursements under the Eximbank Credit will be repaid by ANA in a repayment schedule of 20 equal semiannual installments beginning January 11, 1982.

Attached is certain additional information on Eximbank activity in and economic data on the country involved in this transaction.

Sincerely,

JOHN L. MOORE, Jr.

ATTACHMENT 1

EXIMBANK EXPOSURE IN JAPAN (AS OF JUNE 30, 1980)

[Dollar amounts in thousands]

	Outstanding	Undisbursed
Direct loans	$647,217	$37,854
CFF loans	0	0
Financial guarantees	28,764	0
Bank guarantees and other	0	0
Insurance:		
Medium term	54,013	0
Short term	16,885	0
Total for Japan	746,879	37,854

DEFAULTS AND RESCHEDULINGS

In the past ten years there have been no defaults or rescheduling of Export-Import Bank direct credits for U.S. export sales in Japan.

ATTACHMENT 2

JAPAN: KEY ECONOMIC INDICATORS

[All values in millions of U.S. dollars unless otherwise indicated]

	1978	1979	1978-79 change (percent)	1980 indicator
INCOME, PRODUCTION, EMPLOYMENT				
GNP at current prices	976,411	1,011,793	[1] 8.1	1,400,000
GNP at constant 1970 prices	531,608	539,851	[1] 5.9	570,000
Annual per capita GNP, current prices (dollars)	8,617	8,723	1.2	9,800
Plant and equipment investment, current prices	132,528	151,572	[1] 19.3	
Indices:				
Industrial production (Manufacturing) (1975=100)	123.0	133.3	8.4	[2] 144.2
Average labor productivity (manufacturing) (1975=100)	127.4	142.8	12.1	[3] 157.3
Average industrial wage (manufacturing) (1975=100)	129.1	138.7	7.4	[2] 145.4
Average labor force (millions)	55.3	56.0	1.3	[2] 56.2
Average unemployment rate (percent)	2.2	2.1	−4.5	[2] 1.9
MONEY AND PRICES				
Money supply (M2)	[4] 763,761	[4] 940,390	[1] 8.4	[5] 890,088
Bank of Japan commercial discount rate (percent)	[4] 3.5	[4] 6.25	2.75	[4] 8.25
Call rate (unconditional), highest (percent)	5.0	8.375	3.375	[7] 12.8125
Commercial bank average loan rate (percent)	6.309	6.291	−0.018	[8] 7.818
Consumer Price Index (1975=100)	122.6	127.0	3.6	[8] 134.3
Wholesale price index (1975=100)	104.3	111.9	7.3	[8] 129.5
PAYMENTS AND TRADE				
Gold and foreign exchange reserves	[4] 33,019	[4] 20,327	[9] −12,692	[10] 22,35
External public debt	[4] 11,530	[4] 14,210	[9] 2,680	
Basic balance of payments	4,145	−21,372	[9] −25,517	[11] −20,474
Balance of trade	24,596	1,845	[9] −22,751	[11] −5,904
Exports, f.o.b. (IMF basis)	95,634	101,232	[9] 5,598	[11] 116,215
Export share to United States, customs basis, f.o.b. (percent)	25.6	25.6	0	[12] 25.5
Imports, f.o.b. (IMF basis)	71,038	99,387	[9] 28,349	[11] 122,119
Import share from United States, customs basis, CIF (percent)	18.6	18.4	−0.2	[12] 17.4

[1] Change is in aggregates dominated in yen not dollars.
[2] January–May average, seasonally adjusted.
[3] January–March average, not seasonally adjusted.
[4] As of end of year.
[5] As of July 31.
[6] Effective Aug. 20, 1980.
[7] Through May.
[8] January–May average, not seasonally adjusted.
[9] Movement toward surplus or deficit, or total increase, in millions of dollars vice percent
[10] As of Aug. 31.
[11] A. R. on basis of seasonally adjusted January–May preliminary data.
[12] January–May preliminary, not seasonally adjusted.

Note: Dollar exchange rate used for conversion of yen figures, GNP and investment: 1978 ¥210; 1979 ¥219. Money supply: July–December 1978 ¥234; July–December 1979 ¥206; January–June 1980 ¥225, as used for some computations by Ministry of Finance, and July 1980 ¥220.95.

Source: Department of State "Economic Trends in Japan", July 31, 1980. International Financial Statistics, October 1980. ●

REINDUSTRIALIZATION OF AMERICA: CHOOSING AN INDUSTRIAL STRATEGY FOR THE 1980's

(Mr. GORE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GORE. Mr. Speaker, on September 23, 1980, the Congressional Clearinghouse on the Future and the Congressional Institute for the Future cosponsored the second in a series of Congressional Roundtables on Emerging Issues. Our discussion focused on the "Reindustrialization of America: Choosing an Industrial Strategy for the 1980's."

Individuals representing the business, labor, government, and futures research communities joined our colleagues, Mr. Speaker, for a half day of reflection on this most important issue. Senator WILLIAM PROXMIRE, chairman of the Senate Banking Committee, shared his thoughts and concerns about reindustrialization as it is being proposed by some, and urged us to shy away from a strategy which would have Congress making choices that the marketplace should make.

Dr. Robert Hamrin, senior economist for the President's Commission for a National Agenda for the 1980's presented a futures perspective to the issue, and suggested that we focus on strategies rather than on one policy solution, exploring where we want to be in 1990 with respect to world trade.

John Post, executive director of the Business Roundtable's Washington office, took a look back at the lessons from history and sketched for us his suggestions for future strategies. Rudy Oswald, director of Research for the AFL-CIO, followed Mr. Post's example and suggested several problem areas that have created the current situation. We have added, for the RECORD, a brief proposal of the AFL-CIO to which Mr. Oswald referred during our session.

During our discussion, many points were raised. There developed a consensus that we are in danger of overestimating the ability of the Government to allocate resources successfully among different sectors and among different companies within each sector. Nevertheless, current policies already influence the allocation of resources and we in the Congress ought to be sensitive to the effect that past policy decisions have had on industrial development in the United States. Second, we concluded that the new competition from Japan and West Germany and others has been successful because of their different approach to industrial policy and we should learn from innovations in those countries, some of which might be useful here.

At lunch, Dr. Gerald O. Barney, executive director for the Global 2000 report to the President, gave us a sobering summary of the report's findings, including population, environmental and resource trends. He said:

If present trends continue, the world in 2000 will be more crowded, more polluted, less stable ecologically, and more vulnerable to disruption than the world we live in now. Serious stress involving population, resources and environment are clearly visible ahead. Despite greater material output, the world's people will be poorer in many ways than they are today. Life for most people on earth will be more precarious in 2000 than it is now—unless the nations of the world act decisively to alter current trends.

Mr. Speaker, I commend to all of my colleagues in both Houses of Congress the full text of the presentations and discussions which follows:

SENATOR WILLIAM PROXMIRE, CHAIRMAN, SENATE BANKING COMMITTEE

I am happy to have a chance to speak here on "reindustrialization," because I have great difficulty with understanding what reindustrialization really is.

We suffer from a whole series of problems. We suffer certainly from declining productivity, high unemployment, painfully high interest rates, and a high trade deficit. We also have a surplus of proposals for what to do about these problems. Reindustrialization is the one that is getting the most press.

First, let me say what I interpret reindustrialization to be. I may be wrong, but I think it includes such things as federal loans, federal government export subsidies, tax credits, to name a few components. The common denominator of all these proposals is that they would have the government help with the problems.

I am very sensitive to this because as Chairman of the Senate Banking Committee, I sat in on the rescue of Lockheed and Chrysler—both of which I thought were very serious mistakes. The market place is a better gauge than the bureaucrats. And most business groups are telling us to get off their backs.

The Governor of Wisconsin said not long ago, "We need the federal government to defend the nation, deliver the mail, and get the hell out of our lives." This is a widespread view. Besides, there is no way that the government is going to get smaller by getting bigger. If the federal government is going to take on a welfare state for our industries, it will just get bigger than it is now. That is my first point.

Point two is that any action the government takes will tend to take resources from one place and put them in another place. Or the government may also try to help bring along a new promising industry suggesting that Washington is more qualified than the market place to decide which new idea should be promoted. I think that the general view of many people in business is that government is not as well qualified as the market place.

My third point is that any loan guarantee, any bail out, has to be paid for by American businesses themselves. That means the winners, the working taxpayers, investors—those are the people in this country who have the income that will provide the revenue that the government can spend. So reindustrialization means that the winners are losing income so that the government can help the losers. It is obvious to me that you must have a lot of faith. The losers are politically potent; a firm like Chrysler has a lot of means to exert pressure on Congress.

BURDENS OF GOVERNMENT ARE BIG ENOUGH

My final point is that government has far more to do than the American people think they can afford anyway. We will continue to have an enormous social security program and we should have; we have that responsibility. We have an increasing health care program. We are going to continue to have a mammoth education program. We are going to continue to have a colossal burden with the cities; a vast housing program. Not one of these programs are going to be dismembered; they all have a stronghold on the conscience of the American people and should have.

Do we really need another mammoth program, an additional multi-billion dollar burden on the taxpayers and investors? We think we are going to get a Chrysler or a Lockheed that will become more profitable, pay more taxes. Well, I just haven't seen that work out. The question is will "reindustrialization" improve our economic situation? It will, only if the government officials who make the decisions do so more wisely than the market place. Will they? I just wonder on the basis of past performance. Money will go where the political power is; it will go where unions are mobilized, where mayors and governors, representatives and senators have the power to push it. Anybody who thinks that the government resources will be allocated on the basis of merit hasn't been in Washington very long.

SOME ALTERNATIVE PROPOSALS

I would like to propose the following alternatives to reindustrialization. (1) Phase out the corporate income tax—it prevents corporations to grow as they should; it encourages featherbedding of the worst kind. (2) In our regulatory process, instead of having a system that is as painful and slow and annoying as it is now, we should protect our environment as they have the Rhine River in Germany—a river that is the most intensely used by industry in the world—all kinds of plants are on the river, chemical, coal, steel, paper—yet it is a river on which you can sail, swim and drink the water. Why? Because they put a tax on the effluent that is put in the water. You increase your profits by holding down the amount you put into the water. Here the market place makes the decision.

To sum up, I would (1) discourage any kind of reindustrialization that involves loan guarantees, tax credits, grants, anything of that kind; (2) I would favor a phasing out of the corporate income tax; and (3) modify our regulatory system, tax effluents and encourage conservation and recycling.

Thank you for inviting me to be with you today.

DR. ROBERT HAMRIN, SENIOR ECONOMIST, PRESIDENT'S COMMISSION FOR A NATIONAL AGENDA FOR THE 80'S

The 1970s were years of extraordinary economic difficulties for not only the United States but for most of the industrialized world. Inflation remained exceptionally high, economic growth slowed, the rate of productivity improvement shrunk to abysmally low levels, trade imbalances increased, and unemployment reached and remained at stubbornly high levels. These factors, coupled with eroding markets and capital restraints, have raised questions about the vitality of our core industrial sector. In addition to these indicators of poor aggregate economic performance, there is the unprecedented plateauing of the standard of living, with many people experiencing an actual decline. Finally, what compounds present day concerns and fears is that not only are all these symptoms present, but that the standard cure—demand management policies—seems to have lost most of its potency. Hence, the question arises, What's going to breach the gap, fill the vacuum?

The answer, to an increasing number of economists, politicians and other observers, is some form of a coordinated industrial policy—one which gets below the surface of aggregate figures and takes an indepth look at what is happening and what can be made to happen in individual sectors and industries.

Industrial policy has proven to be an extremely amorphous concept, one whose meaning truly lies in the eye of the beholder. The basic difficulty is that it may be used (and has been) to encompass virtually every economic problem America faces. There are, however, a few key economic problems that most discussions of industrial policy focus on: the long run decline in productivity growth, the "de-industrialization" of America, and the declining international competitive position of the United States. The basic factor underlying these difficulties is that the 1970s was a period of profound structural change, both in the global and domestic economy.

Not since the 1930s has the international economic context loomed so large in concerns about economic performance. Indeed, what distinguishes the United States' structural change of the 1970s from earlier periods is the critical importance, perhaps preeminent importance, of changes in the international context. These changes include:

A loss of 23% of the U.S. share of the manufacturing exports of industrial nations. This amounted to some $125 billion in lost production and a loss of at least 2 million industrial jobs. Virtually all industries, including those that still generate tremendous trade surpluses, have been losing their share of the world market steadily.

A 1300% increase in the price of OPEC crude oil between 1970 and 1980.

A doubling of the proportions of youth in newly industrializing countries receiving high school and college educations.

Major changes in the balance of technological and innovative capabilities within advanced industrial nations, with countries such as Japan and Germany making major investments in research, development, and design capabilities that render competing U.S. products less competitive.

EMERGENCE OF NEW TRENDS

Within the United States, a number of new trends took place which, when totaled, add up to significant structural change:

Transformation in the economic base from one centered in basic, heavy industry to one centered in information and communications activity.

Maturing technolgical progress. Many of the major industries of the past were no longer technologically dynamic and corporate R&D went increasingly into modifying existing products rather than radical new product or process breakthroughs.

Decline in the growth ethic.

Diversion of capital to meet social goals.

Supply constraints. Supply shortages, most notably energy, already constrain growth, add to inflation, and reduce the margin of freedom for both government and private enterprise actions. As we move into an era of increased scarcity, we can expect additional shortages in water, arable land, lumber and basic metals.

Declining capital investment.

Excessive demands. Given slow growth of the economic pie, our efforts to achieve quality of life improvements, higher living standards, higher defense spending, and other social and economic objectives exceed what our industrial machine can provide.

These dramatic new realities press upon us the need to change and to alter our fundamental assumptions concerning government and business roles in the formulation of domestic and international policies. The international context is extremely critical both in terms of U.S. trends and the potential economic performance of other countries. Most of the proponent's arguments center around international economic considerations in some manner. Indeed, it may be safely said that the issue which the United States will face again and again in the 1980s is: What is to be our political response to global economic change?

The arguments in the industrial policy arena range from the very specific to broad scale ruminations about the future of Western prosperity.

At the more micro level, it is vociferously argued that protecting inefficient industries and restoring to increasingly heavy subsidies for fuel and other "essential" goods could turn the United States into one of the world's permanently high-cost economies. Certainly, eliminating failure as an option would severely disrupt the functioning of a market economy. It would also: build inefficiency, waste and mismanagement into corporations by removing the looming danger of bankruptcy from the system; artificially raise interest rates and tighten the credit supply for companies without subsidies; and create a bias toward big companies at the expense of smaller ones.

Import curbs could also produce an economically harsh backlash through hurting exports, an increasingly vital part of the U.S. economy. Exports account for 1 out of 8 manufacturing jobs and the production of 1 out of 3 acres of farmland. Together with the international activity of American companies, exports represent $1 out of every $3 of American corporate profits.

REINDUSTRIALIZATION PROPOSED AS A SOLUTION

The basic argument being propounded is that the United States must reindustrialize. It's basic thesis is that a conscious effort to rebuild America's productive capacity is the only real alternative to the precipitous loss of competitiveness of the last 15 years. Relatedly, it is argued that we also need policies to facilitate the movement of resources from activities in which the United States is losing comparative advantage. Small amounts of aid to affected industries will not be adequate to reverse the trends, and this suggests the need for more active efforts to aid the adjustment process of American industries losing their comparative advantage.

Many observers feel we must now emphasize a more positive kind of industrial policy, one of "supporting the winners." The basic idea is that rather than reacting to events, we should develop policies which anticipate future developments and concentrate our limited resources where they can do the most good. Thus, wherever possible, our economic policies should be centered not on our declining sectors, but rather on the growth sectors of our economy.

The argument is made that mechanisms are needed which encourage massive private investment in high productivity key sectors where increased output would produce the most substantial moderation of inflation. In the global context, each nation, taken separately and then together, would create winners best suited to its own comparative advantage, rather than imitating or trying to obtain benefits from winners established elsewhere.

Specifically, it is advocated that the government begin by identifying a specific set

of new manufacturing needs over the next decade. The emphasis should be on high technology and industries that might in the future have an advantage in international trade. Those sectors or industries will naturally seek out their own interests in the world, but they can be given an environment that makes it favorable for them to do so and can be given support, information, guidance, or subsidy where appropriate.

The most comprehensive argument, encompassing as it does the future of Western prosperity, runs along the following lines. Three basic factors—rapidly rising energy costs, the growing competition from the NICs, and the prospect of a prolonged period of slower economic growth—necessitate that Western industry must make some painful adjustments in the next few years if it is to have any hope of maintaining the level of prosperity that the Western industrial democracies have come to enjoy and expect since the end of World War II.

The critical question is whether industry is likely to make these adjustments. The argument is made that the free play of market forces would produce a social crisis that no modern democratic government could accept. Rather than endure the pain of an adjustment carried out under the harsh laws of free competition, Western governments would simply resort to all-out protectionism. The result would be falling growth, clogged trade routes, and the kind of prolonged recession the Western world experienced in the 1930s when it made its last experiment with protectionism.

NEW PARTNERSHIP BETWEEN BUSINESS GOVERNMENT ENVISIONED

The alternative course is for governments, in concert with industry and labor, to manage the restructuring of the economy to face the more difficult trading conditions that lie ahead, at a pace that is politically acceptable. By making full use of all the carrots and sticks at their disposal, they would seek to ease the social pains of this necessary economic transformation and at the same time make sure that the changes are in fact made. In short, an expanding body of informed opinion believes that the West's future prosperity now depends not on any return to the sturdy virtues of a pristine capitalism, but rather on the development of a more intense, formal, and internationally coordinated partnership between government and private industry.

The bottom line the proponents come to is that the United States clearly stands out as an example of a country that has not tried to conduct a coherent national policy for economic development and that such a national economic development strategy is now essential. The strategy adopted must recognize that there is no quick fix to the economic problems we face. Rapid changes in the shape of the U.S. and world economy have created altogether new forces to contend with. Economic policy tools that were once appropriate are no longer adequate.

In short, we are entering a new era in the management of economic affairs in this country. Macroeconomic measures will require the help of structural policies, at a minimum to break bottlenecks and improve the responsiveness of the system to stimuli and restraints, but probably for much more. We must come to grips with the economic change that is occurring, think anew about our economic policies, and set forth an economic strategy appropriate to the realities of the 1980s.

JOHN POST, EXECUTIVE DIRECTOR, THE BUSINESS ROUNDTABLE

I would like to point out that I am speaking on this occasion on my own behalf and that the Business Roundtable has just designated a task force to study "reindustrialization." The Business Roundtable hopes to have a report prepared by the end of the year. This task force will be composed of CEO's and will be responsible for such issues as taxation, energy, and inflation.

I was interested in the approach taken by the previous speaker who tried to make comparisons with prior decades. I think that people think that we must do something new. I would like to look back, by decade, and see how prior decades compare with today so that we can best decide what to do.

The 70's I consider to be an era of major concerns about political institutions; the 60's were characterized by a concern about social institutions; the 50's were an era of stability and confidence; the 40's were a period of war and reconstruction; and the 30's were closest to today but with some striking differences, and also with some lessons for us.

As Dr. Hamrin was mentioning, the 70's were characterized with high unemployment and a lagging economy. The 30's were similar with unemployment, a stagnant economy, a rise of protectionism, and regional problems. Abroad there also were great similarities: growing number of totalitarian governments, approach of war, U.S. perceived as weak militarily, and the strong feeling for isolationism.

Most interesting, however, was the development of ideas. The 30's are remembered as the era of John M. Keynes who brought in the idea that government should take a larger role in solving the problems of the economy.

DIFFERENCES BETWEEN THE PAST AND NOW

Now let me point out the differences between the 30's and now. World trade is much more important now than in the 30's. But even more important is the role of the U.S. today as a world power. Also there is much more government intervention in the economy. Another thing that needs to be mentioned is that trade unions have become a strong force. Another change is the shift of workers from the manufacturing sector to the service sector.

Let me just list three problems that have led to our current situation:

1. There is a lag in capital investment, caused by a lower return on investments;

2. There is uncertainty related to unit labor costs and prices and the availability of raw materials; and

3. Government involvement exemplified by regulations and confusing energy policies complicate the whole picture.

We may not be able to do anything about the future of prices, but we may be able to do something about our costs, about raw materials, and about government regulations.

THE MEANING OF REVITALIZATION

What does "revitalization" mean? That depends on who defines it. We have definitions from the AFL–CIO, Professor Etzioni, *Business Week*, and from business executives. To me, the essence of a "revitalization" program is how our economy can grow so as to provide more jobs in a stable economy.

Underlying any discussion of economic growth is the problem of inflation. I find it hard to believe in "revitalization" without a reduction in the rate of inflation. This means we must address all the elements which cause inflation, namely, government spending, increases in labor costs which grossly exeed the increase in output per man-hour, and monetary policy.

The economy also needs to improve the rate of capital recovery. We have serious capital recovery problems in several sectors of heavy industry such as steel, aluminum, chemicals, energy and electric power. Many companies have critical problems because of the disparity between the original cost of investment and replacement cost by today's price index. The recent overemphasis on consumption and "equity" must be moderated to accommodate the need for savings and capital investment which will be enhanced by increased profits and realistic tax policy.

The massive growth of government regulations obviously has played a role in generating the present difficulties. We need a reduction in government regulations as well as some moderation of those which inhibit flexibility and motivation in industrial activity.

In addition, we have to look at the whole area of incentives and rewards for individuals. To some extent the leveling-down of rewards for individuals has adversely affected the incentives for growth. At the same time we need to address the human problems of "Plant Closing."

Next, we obviously need to encourage exports based on a careful look at incentives and, especially, disincentives. For example, the taxation of U.S. citizens who work abroad has an adverse impact on the development of exports.

On the other hand, we should be opposed to industry "councils" with policies designed to distinguish between "winners" and "losers", and to divert pension plan funds to solve social problems. These smack heavily of national economic planning, such as we saw in the Humphrey-Javits bill.

I'd also be cautious about adopting the approaches used in foreign countries. I remember when everybody proposed that we emulate Sweden, which they said had found "The Middle Way". Today there is considerable disenchantment with the Swedish approach. We also hear about "indicative planning" in France and about government-business cooperation in Japan, Inc. These have social, political and economic structures much different from ours.

The discussion of revitalization is timely and healthy. As in the thirties, it concentrates on the underlying economic force in our society. But in the thirties a number of programs to "revitalize" industry, such as the National Industrial Recovery Act and similar legislative initiatives, burdened rather than helped the nation attain recovery. In short, we should avoid "revitalization" which will fortify the policies which have created the present situation.

DR. RUDY OSWALD, DIRECTOR OF RESEARCH, AFL–CIO

I am happy to be here today to discuss with you the status of America's industry and what we mean by reindustrialization.

I would like first to talk about seven different problem areas that we are facing:

1. There have been conflicting forces in the labor-management area. The decline in real earnings and the voice of the worker must be considered.

2. The shift in our economic system to services has left us susceptible to blackmail when we don't have our own ability in some necessary industry. There are those who don't think we need a steel industry, for example. A related problem is the difference in income shares between the rich and the poor in the services sector. The gap between the professionals and the blue collar workers has widened.

3. There is a lack of investment in alternative energy resources.

4. Foreign competition has been unfair. Some countries have government subsidies and can get rid of their surplus products in the U.S. at lower prices than they sell those products for in their own country.

5. There is an overall decline in productivity. Average annual rate of growth in the total private sector has dropped from 3% in 1947–1965 to 2.1% in 1965–1973 to 1.2% in 1973–1979. The recession that has taken

place in the 1970's has contributed a great deal to this decline.

6. There has been a faster growth of investment abroad by U.S. firms during the period of the 1970's than the rate of increase of investment in the U.S. There has been a growing tendency for firms to engage in mergers and takeovers instead of engaging in new investment as a means of growth and activity. There has been a growth in the 1970's in the use of capital for speculation through a whole new system of investment opportunities—really they are futures markets—e.g., growth in the amount of money that is involved in the grain futures and in the silver investment spectacle that we had earlier in the year.

7. The last major problem is that all of these are interrelated, as Bob Hamrin pointed out, e.g., slow economic growth of the 1970's, high levels of unemployment that we experienced and, of course, the high levels of inflation.

THE AFL-CIO PROPOSAL FOR CHANGE

In response to these problems, the AFL-CIO Executive Council on Reindustrialization recently proposed the creation of a National Reindustrialization Board, consisting of representatives of the public, labor and industry, which would recommend the priority and magnitude of reindustrialization to be undertaken in various industrial sectors and geographic regions, in light of the national economic and security interests.

The board should have appropriate industrial and regional subcommittees to review the special needs of specific industries, as well as the particular problems faced by geographic regions. The board should review the recommendations of the industrial and regional subcommittees as they relate to industrial development in areas of high unemployment, and should aim to restore and revive the urban economic base.

The board should favor investments in areas served by mass transit facilities to further energy savings: The board should encourage the use of American-built equipment in its development strategies. The board should seek to forestall shortages or bottlenecks that might have inflationary repercussions. In the process, the board could also play an important role in reviewing inflationary forces that might be evidenced in the particular industrial sectors.

The board should also be empowered to direct the activities of a Reindustrialization Financing Corporation (RFC), which would make or guarantee loans or participate in loans made by private lenders to finance reindustrialization projects.

The RFC should have access to both public and private funds to enhance its lending capability. Specific provision should be made to qualify pension funds to invest part of their assets in the RFC. Pension investments should be guaranteed.

The RFC should invest in private and quasi-public ventures through direct loans, loan guarantees and below market-rate financing, and should supplement and complement existing public investment programs in building and developing facilities that serve as industrial infrastructure and encourage development.

In addition to the funds appropriated by Congress to the RFC, the board should also have the power to use tax policy as a tool for reindustrialization. This will require structuring business tax policy in terms of precise and planned goals by making the tax incentives more flexible and selective rather than across the board.

For example, the board should have the authority to determine and allocate business tax incentives, such as investment tax credits and depreciation allowances, to particular firms on the basis of need and individual certificates of necessity. Those benefits must not simply become devices for multinational corporations and others to use tax breaks to operate plants abroad and import products in competition with U.S.-made goods.

CONGRESS TO OVERSEE REINDUSTRIALIZATION BOARD

Since the board would target specific tax allotments approved by Congress, the Congress would maintain oversight responsibility. Yet, the expertise of public and private parties would be brought together to solve the nation's economic problems. At the same time, the experience in particular segments of industry could be monitored and evaluated.

While individuals and business will remain unfettered in terms of making their own business decisions, the granting of additional governmental funds and tax reductions will be based upon the general national interests.

Any reindustrialization policy must take account of the problem of plant closings. The devastating effects on workers and their communities from unannounced, sudden plant shutdowns and relocations should be eased by legislation requiring advance notification, financial assistance to workers, and basic employee protections of collective bargaining rights, relocation expenses, severance pay, continuation of pension and health care benefits and job retraining.

A reindustrialization program will require the cooperation and participation of everyone in society: taxpayers, through the government, would bear the burden of direct and indirect financial outlays; business would invest capital in needed expansion and modernization, and the pension funds of workers would also be used to invest in future economic health for the nation.

Only through true cooperative action, reflecting a balance of the interests of the public, labor and industry can the reindustrialization program objectives be achieved. The success of the program is vital for each of the interests concerned and for the nation as a whole.

A DIALOGUE ON REINDUSTRIALIZATION

Moderator: I want to thank each of you for your statements this morning. You have provided a good background for our discussion. I want to use a metaphor about two people in a canoe going down a river. One turns to the other and says, "There's a waterfall ahead. We've got to get out and swim to shore." The companion says, "The water's cold; it will be hard to swim in this water anyway. And we're not sure there's a waterfall anyway. If there is one it may be a small one. The boat may be able to pass through the shoals."

A discussion ensues about what repairs will be needed to get the boat through the shoals, whether the backstroke, sidestroke, or Australian crawl should be used if they try to swim. And an argument begins over how to interpret the roaring in the distance and how to judge the size and danger of the waterfall ahead.

Some people discussing the situation of America's industrial policy say that the cold water and strong currents are foreign to the free enterprise system, and the caution signals raised by Senator Proxmire should be taken to heart.

Dr. Hamrin used a futures analysis to extrapolate into the future some disturbing trends. And the trend away from manufacturing and toward services which Rudy Oswald talked about is likely to continue. How do some of you here today see the waterfall that we can hear roaring in the distance?

Question: I have a comment more than a question. I hear a lot of blaming going on in a discussion of this issue, and I hope we can learn that this problem will require our cooperation. We all must take credit for the situation we find ourselves in, and then move forward.

Response: It is unprecedented that the business and labor communities and persons in all sectors of our society do agree that because of the stunning challenge from foreign competition, because of the disturbing trends in the last decade, we need a major debate on the possible changes of directions in industrial policy. There is agreement that there is a problem. The disagreement comes when we try to define what that industrial policy should be.

Question: I was interested in Senator Proxmire's idea that we should support our winners and understand their needs, while letting go in some way our losers. Recently, I heard the King of Belgium talk about his country, and he said that because of its size Belgium had to decide what it could do well. They decided to pick the winners—feasible and possible—and do those things well. "Let's do what we can do well and have the capacity to do well," became their industrial policy. I don't know if this should be our stance, but a balance between the human need and the human worker needs to be struck if we are to rebuild America's industrial base.

WHO WILL PICK THE WINNERS AND LOSERS?

Response: The positive side of that concept is to pick the winners. The negative side is that we let some industries die. I'm afraid that we have so much invested in our industries that we can't dump them. We have to decide if we want to bail these industries out or pick the winners.

Question: A related question is, Who does the picking and on what basis?

Response: I come from Massachusetts which is a high technology area. I've talked to a number of CEO's and they have told me two things: (1) None was in favor of the Chrysler bailout, and (2) None advocated a policy where the government picks the winners. They felt that market forces would be a better judge than they or the government would be.

Comment: The bottom line is that reindustrialization as now being discussed is a mistake. Productivity growth is down, no question about it. At the Institute for the Future, we have concluded that though this drop is due to many factors, the largest component is the influx of young, well-educated workers in unprecedented numbers in the last decade. This had produced a sharp drop in the relative cost of labor while cost of capital goods relative to labor has risen sharply. Thus whether we have done it knowingly or not, we have substituted labor for capital. This has been done with no fall in the rate of investment of capital as a percentage of gross national product.

In the 80's, the relative cost of labor will rise. The labor force will be half what it was in the 70's. Market incentives will exist to increase capital investment for a much slower growing labor force. Therefore, we should rely on market forces for substituting capital equipment for skilled labor. Reindustrialization will support industries that don't need the help and give weak industries incentives to produce more than they should. Let the market place, with some adjustment, find the balance because no one can pick winners or losers.

Comment: After years of uncertainty of how to go about redevelopment of our cities, I see small but real progress in this policy area. I hope reindustrialization will not be our excuse for abandoning our commitment to our industrial areas. We need to mesh ideas of reindustrialization with existing efforts to expand development of these areas. Ours is a decentralized economy, unlike Japan and Germany. We have a history of cooperation between labor, business and government on the federal, state and local areas.

Response: I agree that we have to look at our size and know that we cannot compare ourselves with Europe and Japan. Also, be-

cause of this size, we in Washington cannot keep up with all the changes going on in the country. We are not in one canoe with only one paddle. There are lots of canoes out there. We used to say sink or swim. That is morally unacceptable now, but we have to teach people how to swim so that when the canoe they are in sinks, they'll be able to swim to another one. We need more retraining so that my Chrysler workers will have somewhere to go. We have to avoid a situation where Congress picks the winners and losers. This is a political problem that none of us really wants to deal with, or should have to deal with. We need to keep our diversity and avoid a general industrial policy that will hamper that diversity.

WHAT INDUSTRIAL STRATEGY SHOULD WE DESIGN?

Comment: What the question should be is not what industrial policy do we want, but what should our industrial strategy be for the 1980's? What general form of industrial structure should we have in place in 1990 to insure that we have a competitive global position at that time? This is how the Japanese approach the question.

We have to think more internationally. We're still going to uphold a heavy import bill for the next few years. We have to look at where we are strong. Our strengths are in agriculture, electronics, aerospace and computers. Yet our soils are eroding very dramatically. As Dr. Barney will point out at lunch, that strong export base is in danger. In aerospace, we've been unchallenged, but European planes are beginning to compete with us.

In computers, Japan is right with us in the state of the art. They are still behind us in some software elements and mainframe technology.

Therefore, we've got to think about how we will maintain a strong export position in the 80's to make sure we have world market shares that will finance our import bill.

Moderator: When the choice is between the market place or the government making the decisions between the winners and losers, the consensus is that the market place should decide. But we still realize that this debate does not take place in a vacuum that is characterized by a pure free market situation.

There are two variables at work:

a. The current situation has not been caused by broad evolutionary trends. We have in some ways shot ourselves in the foot with policy decisions that may no longer be appropriate, and

b. The international competitors are choosing different strategies such as picking winning sectors and focusing all of their resources into sectors that they see growing in the years ahead.

This raises two questions at least. (1) How can the Congress be more sensitive to the effect of our policy decisions on the environment in which this competition takes place? (2) How do we react to the fair trade/free trade debate that is before us?

Comment: We operate under three umbrellas. The larger umbrella is our international position; the next is our national position; and the smallest umbrella is the flexibility we need to focus some of our policies in certain areas. As you balance budgets, there will be less money to go around, so words like targeting and focusing need to become part of our vocabulary. But this causes a problem for politicians who want to target 100 percent of our resources. It may be in the best interest of the country in this time of limited resources for us to target specific aid and to use good public policy to focus limited dollars in areas of distress.

Comment: We may have failed to take into account the value of small business to help in this transition. We want to see some major industries grow in employment, so we'll have to take up that slack through small business.

NEED TO BE CAREFUL ABOUT ADOPTING "ONE" POLICY

Comment: I hope we'll realize that some of our problems are due to the fact that we tried to solve everything with one policy. So I hope we will resist that temptation here and appreciate our complexity. As we look for incentives and disincentives, we should try to maintain as much flexibility as we can so we don't have to run to catch up with the future.

Comment: In many ways, we in Congress and government have generated social divisions. In the trade adjustment policy, some workers in my district got a good deal and some got nothing. The intensity of anger focused on the government is growing and we must be careful about responding to all situations with policies that divide.

We also have to decide which goal we want to serve. Generally, we have the goal of prosperity, but another goal has to do with our national power. In the latter discussion, we'll have to address the question of what degree are we going to have to be the national leader in the Western world and to what degree do we demand that our allies take power. We've shied away from this question, and we've got to hit it straight on.

Comment: We are in a time of transition, so we have to look at policies that appreciate change. We need general policies to support industries where we have competitive advantages internationally. We also need social policies to manage the transitions so workers can make the change less painfully.

Comment: I would like to support some of the comments that have been made about flexibility and adaptability to change in industry. I would like to talk briefly about the steel industry on which OTA has recently completed a study. Formally, the industry is going through rapid structural change and it is not a monolithic industry. Today minimills (electric furnaces using scrap) account for 15% of U.S. steel production and our projections show that they may reach 30-40% by the end of the decade. It is a completely different business than integrated steel firms and the profitabilities of some of the minimills are quite comparable to semi-conductor firms in Silicon Valley. It is a competitive business that attracts capital investment and it is a very desirable working environment. Industrial policy in this country or any other country needs to smooth and ease the kind of industrial adjustment that is bound to take place in the future. We need policies that will facilitate this change.

Comment: We haven't looked at one of the major underlying reasons for our current situation—which is that we have come through a time of high prosperity, and perhaps, also a time of great complacency. The Japanese and Germans had to rebuild their industries after the war, and they settled on strategies that succeeded. Now, we find that we have to get on the ball, and this is just the kind of situation in which American enterprise can really flourish.

The role of the government is to create a climate for more R&D, more innovation to give the American companies a chance to react to the international market place and go from there.

PRODUCTIVITY IS CONNECTED TO FEELINGS OF WORTH

Comment: We talk about productivity and how government policies would affect it, but no one here has mentioned the fact that each industry in Japan is trying to make their workers happy; they involve their workers. The workers in Japan are devoted to their company; they work for the same company 40-50 years.

Here in America workers in Detroit are knocking cars off the assembly lines because they hate their work. The workers in Detroit don't feel their companies care about them. I think we would be making a great mistake if we think government policies would change our productivity problems. Management, in big companies, small companies, in Congress, need to spend more time asking, "Are my workers happy?".

Response: I was delighted to hear someone say that there is much that management can do. I think each of us has attempted to bring our own perspective to this very complex multi-dimensional problem. All morning we have used words like "industrial policy," "reindustrialization," "revitalization." I think what this says is that we really don't have a focus, we don't have a framework within which we can place these cogent comments that have been made—many have overlapped, many have been controversial, but there has been a great deal of searching for a beginning point.

Let me submit one. I think that, first of all, we have heard reasons why we should do something new. I think that what we are confronted with in our daily work lives, whether attitudinal or institutional, is that we are dealing with long-term problems that have been with us for a long time and we have been trying to deal with them within a short-term basis. The reasons for that include the fundamental clash between the pressures for incumbency in the short-term and the very long-term economic problems.

DO NOT EXPECT A SOLUTION OVERNIGHT

There are also other reasons, but the point that I want to make is that, whatever our approach, there is fundamentally a need to recognize that we are talking about a problem that cannot be solved overnight. It was not created overnight. Certainly it is a complex situation in which we find ourselves and it cries out for a long-term solution. I would suggest that to provide a framework we think of the multiplicity of issues in terms of three broad umbrellas.

One is a series or set of issues that relate to the restoration of a strong, growing economy. The answer to whether we are going to be a powerful country that can implement our foreign policy objectives comes back to the fundamental issue that drives it—and that is a *strong economy*.

Secondly, beyond those issues that relate to a strong economy—low inflation, high employment, high productivity—there is a second umbrella, and that is what is necessary to restore our international competitiveness. I think it is within that umbrella that we look at issues of import restrictions, restrictions on capital flow, anti-trust policies—all specific governmental policies that work against our competing effectively internationally. *Policies must consider international implications.*

A third set of issues are those issues which I would call industry specific, company specific, or region specific. They are more related to economic adjustments. I would like to suggest these three areas into which we can fit or place other issues to give us a point of beginning to try to get away from defining "reindustrialization"—rather put our effort into defining broad economic objectives.

DR. GERALD O. BARNEY, EXECUTIVE DIRECTOR—THE GLOBAL 2000 REPORT TO THE PRESIDENT

In 1977, the President asked the Department of State and the Council on Environmental Quality to prepare a report on the U.S. Government's projections of probable changes in world population, resources and environment by the end of the century. The Global 2000 Report is the response to that request.

In preparing for the report, we made three basic assumptions: that present public pol-

icy would continue unchanged to the year 2000, that rapid technological progress would continue and that no wars or other major economic interruptions would take place between now and the turn of the century. We then proceeded to ask for executive branch projections for the next 25 years.

Rapid growth in world population will hardly have altered by 2000. The world's population will grow from 4 billion in 1975 to 6.35 billion in 2000 an increase of more than 50 percent. The rate of growth will slow only marginally from 1.8 percent a year to 1.7 percent. In terms of sheer numbers, population will be growing faster in 2000 than it is today, with 100 million people added each year compared with 75 million in 1975. Ninety percent of this growth will occur in the poorest countries.

While the economies of the less developed countries (LDCs) are expected to grow at faster rates than those of the industrialized nations, the gross national product per capita in most LDCs remains low. The average gross national product per capita is projected to rise substantially in some LDCs (especially in Latin America), but in the great populous nations of South Asia it remains below $200 a year (in 1975 dollars). The large existing gap between the rich and poor nations widens.

TRENDS FOR RESOURCES

World food production is projected to increase 90 percent over the 30 years from 1970 to 2000. This translates into a global per capita increase of less than 15 percent over the same period. The bulk of that increase goes to countries that already have relatively high per capita food consumption. Meanwhile per capita consumption in South Asia, the Middle East, and the LDCs of Africa will scarcely improve or will actually decline below present inadequate levels. At the same time, real prices for food are expected to double.

Arable land will increase only 4 percent by 2000, so that most of the increased output of food will have to come from higher yields. Most of the elements that now contribute to higher yields—fertilizer, pesticides, power for irrigation, and fuel for machinery—depend heavily on oil and gas.

During the 1990s world oil production will approach geological estimates of maximum production capacity, even with rapidly increasing petroleum prices. The study projects that the richer industrialized nations will be able to command enough oil and other commercial energy supplies to meet rising demands through 1990. With the expected price increases, many less developed countries will have increasing difficulties meeting energy needs. For the one-quarter of humankind that depends primarily on wood for fuel, the outlook is bleak. Needs for fuelwood will exceed available supplies by about 25 percent before the turn of the century.

While the world's finite fuel resources—coal, oil, gas, oil shale, tar sands, and uranium—are not evenly distributed; they pose difficult economic and environmental problems; and they vary greatly in their amenability to exploitation and use.

Nonfuel mineral resources generally appear to meet projected demands through 2000, but further discoveries and investments will be needed to maintain reserves. In addition, production costs will increase with energy prices and may make some nonfuel mineral resources uneconomic. The quarter of the world's population that inhabits industrial countries will continue to absorb three-fourths of the world's mineral production.

Regional water shortages will become more severe. In the 1970–2000 period population growth alone will cause requirements for water to double in nearly half the world. Still greater increases would be needed to improve standards of living. In many LDCs, water supplies will become increasingly erratic by 2000 as a result of extensive deforestation. Development of new water supplies will become more costly virtually everywhere.

Significant loses of world forests will continue over the next 20 years as demand for forest products and fuelwood increases. Growing stocks of commercial-size timber are projected to decline 50 percent per capita. The world's forests are now disappearing at the rate of 18–20 million hectares a year (an area half the size of California), with most of the loss occurring in the humid tropical forests of Africa, Asia, and South America. The projections indicate that by 2000 some 40 percent of the remaining forest cover in LDCs will be gone.

ENVIRONMENTAL TRENDS

Serious deterioration of agricultural soils will occur worldwide, due to erosion, loss of organic matter, desertification, salinization, alkalinization, and waterlogging. Already, an area of cropland and grassland approximately the size of Maine is becoming barren wasteland each year, and the spread of desert-like conditions is likely to accelerate.

Atmospheric concentrations of carbon dioxide and ozone-depleting chemicals are expected to increase at rates that could alter the world's climate and upper atmosphere significantly by 2050. Acid rain from increased combustion of fossil fuels (especially coal) threatens damage to lakes, soils, and crops. Radioactive and other hazardous materials present health and safety problems in increasing numbers of countries.

Extinctions of plant and animal species will increase dramatically. Hundreds of thousands of species—perhaps as many as 20 percent of all species on earth—will be irretrievably lost as their habitats vanish, especially in tropical forests.

The future depicted by the U.S. Government projections may actually understate the impending problems. The methods available for carrying out the Study led to certain gaps and inconsistencies that tend to impart an optimistic bias. For example, most of the individual projections for the various sectors studied—food, minerals, energy, and so on—assume that sufficient capital, energy, water, and land will be available in each of these sectors to meet their needs, regardless of the competing needs of the other sectors.

More consistent, better-integrated projections would produce a still more emphatic picture of intensifying stresses, as the world enters the twenty-first century.

There is no indication here that we are in for a major world disaster, but there is evidence that would lead to one to believe that things are probably going to get worse. Where these problems will get worse are in countries where population pressures are already severely damaging the carrying capacity of the land. And it is unlikely that population growth will slow as long as infant mortality is high. People want to have a few surviving children and so they have large families to insure that some will survive.

At present and projected growth rates, the world's population would reach 10 billion by 2030 and would approach 30 billion by the end of the twenty-first century. These levels correspond closely to estimates by the U.S. National Academy of Sciences of the maximum carrying capacity of the entire earth. Already the populations in sub-Saharan Africa and in the Himalayan hills of Asia have exceeded the carrying capacity of the immediate area, triggering an erosion of the land's capacity to support life.

TRENDS TO IMPACT REINDUSTRIALIZATION

What does this say about reindustrialization? The study suggests several major long-term trends that need to be recognized as part of the reason for our interest in the issue. I'll talk about four of them.

1. Energy and the balance of payments. This country has used half of its oil that it will ever use and as we shift to dependence on foreign sources, we'll have problems with balance of payments.

2. Migration. There will be rapid growth in the world, especially in Central and South America, and there will follow more migration to this country. Mexico City, 500 miles to the south of our border, will have a population three times the size of metropolitan New York without an adequate sewage system or housing, and this situation will lead to an influx of Latin Americans into the U.S.

3. Political stability and demands for an emerging international economic order will have a bearing on our access to the resources of the world.

4. Finally, some of what we are experiencing, we have desired. We want to see world development, we have worked toward its possibility, advocated it. And if there is this world development, we will have more competition. What we are complaining about is what we have set out to achieve.

I'd like to end with a few strategies for the future of the industrial policy issue for our reflection.

1. Think broadly about cause of problem and what we want to achieve. It's not enough to talk about productivity and just mean labor productivity. As I look at the world trends and think about the next 20 years, I think we're going to have to consider capital productivity and resource productivity.

I would agree with Dr. Hamrin who suggests that we think about our industrial strategy—that we imagine where we want to be in 1990, and then begin to build our way to it. We've got to put into our discussions an awareness of what we want—in the long-term—if we are to piece together anything that matters.

2. We must maintain resilience and diversity in our economy. We need to be careful with monoculture which wiped out our corn crop in 1973. What happens if we only have one or two industries or one or two strains of grain left, and one or both gets into trouble? We need to be careful not to underestimate the unpredictability of the future which will require diversity.

3. What mechanism is there to encourage thinking ahead? We also must think farther ahead than 2, 3 or 5 years. That isn't nearly long enough. The trends facing us are much longer term than that. I'm hoping this study will encourage the executive branch to do a better job in this area. The work of the Clearinghouse is to be commended for its effort in the Congress. I think it's been a major contribution to helping you do the kind of forward thinking that I've witnessed today.

DIALOGUE: QUESTIONS AND RESPONSES

Question: You are saying that real costs for basically all resources will increase. Is that right? If that is so, how do you think Congress' anti-inflation effort will work?

Response: What we found was that all the agencies said, "My sector can't possibly meet the projected demand without a real price-increase." The question then is: If the real price for everything is going up, how does that make any sense? Probably the real price of labor is expected to go down but there are inconsistencies here. I think the anti-inflation programs are going to have a tough time. Demand will drive up prices substantially. We need to find ways to get a lot more GNP out of a lot less resources.

Comment: Energy projections now are not as high as indicated in the report. It might be helpful to take another look at the changes that have taken place recently.

Response: The Department of Energy was questioned about the figures in 1978. I asked

a lot of questions, but ultimately I had to accept the Agency's position.

Question: You anticipated a population of 6 billion at the end of this century, and later you said it might be 30 billion by the end of the next century. Do you have different projections for populations, and do they conflict?

Response: The medium projection is 6.35 billion by 2000, 10 billion would occur at about 2030, and 30 billion by 2100. It does investigate what would happen if there was an all-out effort to control population and it appears that the greatest impact would show up later rather than in the near future.

Comment: One of the things that we in the Congress and in the private sector ought to get from this is that this is the best the government could do right now. This report compiles all of the forecasting efforts in the government, and we need to invite more accurate forecasting procedures and efforts to anticipate future changes.

Comment: The agencies are not well prepared to relate their findings. What the government now has by way of analytic capability would, if it were fully understood, lead to widespread outrage. It is really a mess. There is no justification for many of the projections being made.

Question: What bothers me the most about the projections is not their reality, but the fact that they seem to have no gender. One of the foremost social movements, the women's movement, has not been discussed. Why were no social trends discussed? Why was the impact of the women's movement left out? And as we look at the GNP, why don't we factor in things that are left out—like the volunteer sector, the household economy, the self-help organizations which are a source of hope?

Response: The 13th chapter of the Technical Report discusses these issues—the role of women, the global household, etc.

Question: Have you given any consideration, now that you have been through all of this, as to where you would put coordinating efforts into the government to review the assumptions and analyze the computer capability?

Response: I don't think it would be desirable to create a large program in the White House basement, but something small and efficient might be helpful. There should be a small office of 2–3 people who have the responsibility, on an ongoing basis, to review plans of the agencies, and make funds contingent upon ability of agency models to fit together.

Question: What is going on in the way of staff work and follow-up to the report? Who is keeping track of data that is coming up, etc.?

Response: No further analysis is in progress. But the President has appointed a task force to develop a set of recommendations and the report will be discussed with other governments. Gus Speth, Director of the Council of Environmental Policy, is the Director of the Task Force. You may want to talk with him about its work.

PERSONS ATTENDING ROUNDTABLE ON REINDUSTRIALIZATION

Members and Associates of the Congressional Clearinghouse on the Future:

Hon. Lindy Boggs, Hon. George E. Brown, Jr., Hon. Bob Edgar, Hon. Dante B. Fascell, Hon. Albert Gore, Jr., Hon. Richard A. Gephardt, Hon. Matthew F. McHugh, Hon. Barbara Mikulski, Hon. Charlie Rose, Hon. Patricia Schroeder, Hon. John F. Seiberling, Hon. Philip R. Sharp.

Hon. Paul Simon, Susan Abbasi, Ray Ahearn, John Alic, Bill Anderson, Keith Bea, Beth Biro, Chris Bruni, Anne Cheatham, Tom Cochran, Marti Dey, Ted Eschenbach.

Perry Floyd, Don Foley, Milton Friedman, Delia Gerace, Benson Goldstein, Brent Hall, Steve Hill, Ken Hunter, Carol Koch, Ida Levin, Jack Lew, Ann Lewis, Martin Libicki.

Dennis Little, Tim Lynch, Doug McCulluch, Tod O'Connor, Heidi Pender, Sonja Powell, Doug Ross, Sharon Siepirka, Sandy Stuart, Mark Steitz, Peter Tropper, Marcia Webb, Mary Walcott.

Members of the Congressional Institute for the Future:

Roy Amara, Linda Bartholomew, Carney Barr, Edna Benesch, Clement Bezold, Caren Blazey, Rosemary Bruner, Emily Coleman, Jack Egan, R. L. Fischer, Owen Goldfarb, Lori Gribbon.

Net Griffith, Bruce D. Hainsworth, Lloyd Hand, Holly Hassett, Walter A. Hasty, Roger Hickey, Gary A. Holtzclaw, Dan Kratochvil, Donald Lesh, Leon Martel, Floyd Martin, Joan Mebane.

Robert Moore, Janet Myers, Judith A. Pond, Steve Ricchetti, Lynn Ryan, Arthur V. Smyth, Tom Utne, Emory West, Roberta Whitaker, David Willis, Louise Wilson, Tim Wilson.

CONFERENCE REPORT ON HOUSE CONCURRENT RESOLUTION 448

Mr. GIAIMO submitted the following conference report and statement on the concurrent resolution (H. Con. Res. 448) revising the congressional budget for the U.S. Government for the fiscal years 1981, 1982, and 1983.

CONFERENCE REPORT (H. REPT. NO. 96-1469)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the concurrent resolution (H. Con. Res. 448) revising the congressional budget for the United States Government for the fiscal years 1981, 1982, and 1983, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That the Congress hereby determine and declares, pursuant to section 310(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1980—

(1) the recommended level of Federal revenues is $605,000,000,000;

(2) the appropriate level of total budget authority is $694,600,000,000;

(3) the appropriate level of total budget outlays is $632,400,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $27,400,000,000;

(5) the appropriate level of the public debt is $978,600,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $53,600,000,000; and

(6) the appropriate level of total gross obligations for the principal amount of direct loans is $73,500,000,000, and the appropriate level of total new primary commitments to guarantee loan principal is $82,800,000,000, and the appropriate level of total new secondary commitments to guarantee loan principal is $53,000,000,000.

SEC. 2. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 310 (a) of the Congressional Budget Act of 1974 that for the fiscal year beginning on October 1, 1980, the appropriate level of new budget outlays authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $172,700,000,000;
(B) Outlays, $159,050,000,000.
(2) International Affairs (150):
(A) New budget authority, $23,850,000,000;
(B) Outlays, $10,500,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $6,400,000,000;
(B) Outlays, $6,100,000,000.
(4) Energy (270):
(A) New budget authority, $5,850,000,000;
(B) Outlays, $7,800,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $11,900,000,000;
(B) Outlays, $13,100,000,000.
(6) Agriculture (350):
(A) New budget authority, $5,350,000,000;
(B) Outlays, $2,100,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $5,250,000,000;
(B) Outlays, $950,000,000.
(8) Transportation (400):
(A) New budget authority, $21,300,000,000;
(B) Outlays, $19,700,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $9,250,000,000;
(B) Outlays, $10,450,000,000.
(10) Education, Training, Employment and Social Services (500):
(A) New budget authority, $31,600,000,000;
(B) Outlays, $29,800,000,000.
(11) Health (550):
(A) New budget authority, $68,550,000,000;
(B) Outlays, $63,150,000,000.
(12) Income Security (600):
(A) New budget authority, $248,800,000,000;
(B) Outlays, $225,550,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $22,100,000,000;
(B) Outlays, $21,700,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,100,000,000;
(B) Outlays, $4,450,000,000.
(15) General Government (800):
(A) New budget authority, $4,600,000,000;
(B) Outlays, $4,400,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $6,500,000,000;
(B) Outlays, $7,050,000,000.
(17) Interest (900):
(A) New budget authority, $71,900,000,000;
(B) Outlays, $71,900,000,000.
(18) Allowances (920):
(A) New budget authority, $400,000,000;
(B) Outlays, $450,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, —$25,800,000,000.
(B) Outlays, —$25,600,000,000.

SEC. 3. (a) The House sets forth the following budgetary levels for fiscal years 1982 through 1983—

(1) the recommended level of Federal revenues is as follows:
Fiscal year 1982: $682,100,000,000;
Fiscal year 1983: $778,300,000,000;

(2) the appropriate level of total new budget authority is as follows:
Fiscal year 1982: $754,450,000,000;
Fiscal year 1983: $821,800,000,000;

(3) the appropriate level of total budget outlays is as follows:
Fiscal year 1982: $695,950,000,000;
Fiscal year 1983: $755,300,000,000;

(4) the amount of the deficit or surplus in the budget which is appropriate in light of economic conditions and all other relevant factors is as follows:
Fiscal year 1982: $13,850,000,000;
Fiscal year 1983: $23,000,000,000;

(5) the appropriate level of the public debt is as follows:

Fiscal year 1982: $1,017,850,000,000;
Fiscal year 1983: $1,031,850,000,000;

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1982: $46,850,000,000;
Fiscal year 1983: $24,000,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1982 and 1983 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):
Fiscal year 1982:
(A) New budget authority, $193,300,000,000;
(B) Outlays, $179,450,000,000.
Fiscal year 1983:
(A) New budget authority, $218,100,000,000;
(B) Outlays, $201,700,000,000.
(2) International Affairs (150):
Fiscal year 1982:
(A) New budget authority, $17,100,000,000;
(B) Outlays, $10,200,000,000.
Fiscal year 1983:
(A) New budget authority, $17,850,000,000;
(B) Outlays, $10,600,000,000.
(3) General Science, Space, and Technology (250):
Fiscal year 1982:
(A) New budget authority, $6,250,000,000;
(B) Outlays, $6,350,000,000.
Fiscal year 1983:
(A) New budget authority, $6,200,000,000;
(B) Outlays, $6,700,000,000.
(4) Energy (270):
Fiscal year 1982:
(A) New budget authority, $7,350,000,000;
(B) Outlays, $9,250,000,000.
Fiscal year 1983:
(A) New budget authority, $8,950,000,000;
(B) Outlays, $10,700,000,000.
(5) Natural Resources and Environment (300):
Fiscal year 1982:
(A) New budget authority, $12,450,000,000;
(B) Outlays, $12,750,000,000;
Fiscal year 1983:
(A) New budget authority, $13,400,000,000;
(B) Outlays, $13,050,000,000.
(6) Agriculture (350):
Fiscal year 1982:
(A) New budget authority, $5,400,000,000;
(B) Outlays, $4,000,000,000.
Fiscal year 1983:
(A) New budget authority, $5,150,000,000;
(B) Outlays, $4,400,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1982:
(A) New budget authority, $6,100,000,000;
(B) Outlays, $3,050,000,000.
Fiscal year 1983:
(A) New budget authority, $6,550,000,000;
(B) Outlays, $3,100,000,000.
(8) Transportation (400):
Fiscal year 1982:
(A) New budget authority, $21,550,000,000;
(B) Outlays, $20,800,000,000.
Fiscal year 1983:
(A) New budget authority, $22,500,000,000;
(B) Outlays, $22,600,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $8,600,000,000;
(B) Outlays, $9,000,000,000.
Fiscal year 1983:
(A) New budget authority, $9,200,000,000;
(B) Outlays, $8,300,000,000.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1982:
(A) New budget authority, $33,800,000,000;
(B) Outlays, $33,050,000,000.
Fiscal year 1983:
(A) New budget authority, $36,550,000,000.
(B) Outlays, $34,850,000,000.
(11) Health (550):
Fiscal year 1982:
(A) New budget authority, $79,250,000,000;
(B) Outlays, $73,250,000,000.
Fiscal year 1983:
(A) New budget authority, $89,150,000,000;
(B) Outlays, $82,650,000,000.
(12) Income Security (600):
Fiscal year 1982:
(A) New budget authority, $276,100,000,000;
(B) Outlays, $248,100,000,000.
Fiscal year 1983:
(A) New budget authority, $300,150,000,000;
(B) Outlays, $269,150,000,000.
(13) Veterans Benefits and Services (700):
Fiscal year 1982:
(A) New budget authority, $23,350,000,000;
(B) Outlays, $22,750,000,000.
Fiscal year 1983:
(A) New budget authority, $24,900,000,000;
(B) Outlays, $24,450,000,000.
(14) Administration of Justice (750):
Fiscal year 1982:
(A) New budget authority, $4,300,000,000;
(B) Outlays, $4,350,000,000.
Fiscal year 1983:
(A) New budget authority, $4,650,000,000;
(B) Outlays, $4,650,000,000.
(15) General Government (800):
Fiscal year 1982:
(A) New budget authority, $4,650,000,000;
(B) Outlays, $4,550,000,000.
Fiscal year 1983:
(A) New budget authority, $5,000,000,000;
(B) Outlays, $4,850,000,000.
(16) General Purpose Fiscal Assistance (850):
Fiscal year 1982:
(A) New budget authority, $6,950,000,000;
(B) Outlays, $7,100,000,000.
Fiscal year 1983:
(A) New budget authority, $6,500,000,000;
(B) Outlays, $6,550,000,000.
(17) Interest (900):
Fiscal year 1982:
(A) New budget authority, $76,700,000,000;
(B) Outlays, $76,700,000,000.
Fiscal year 1983:
(A) New budget authority, $77,700,000,000;
(B) Outlays, $77,700,000,000.
(18) Allowances (920):
Fiscal year 1982:
(A) New budget authority, $950,000,000;
(B) Outlays, $950,000,000.
Fiscal year 1983:
(A) New budget authority, $900,000,000;
(B) Outlays, $900,000,000.
(19) Undistributed Offsetting Receipts (950):
Fiscal year 1982:
(A) New budget authority, −$20,700,000,000;
(B) Outlays, −$20,700,000,000.
Fiscal year 1983:
(A) New budget authority, −$31,600,000,000;
(B) Outlays, −$31,600,000,000.

SEC. 4 (a) The Senate sets forth the following budgetary levels for fiscal years 1982 through 1983—

(1) the recommended level of Federal revenues is as follows:
Fiscal year 1982: $672,400,000,000;
Fiscal year 1983; $766,500,000,000;

(2) the appropriate level of total new budget authority is as follows:
Fiscal year 1982: $778,600,000,000;
Fiscal year 1983: $852,600,000,000;

(3) the appropriate level of total budget outlays is as follows:
Fiscal year 1982: $709,900,000,000;
Fiscal year 1983: $777,700,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is as follows:
Fiscal year 1982: $37,500,000,000;
Fiscal year 1983: $11,200,000,000;

(5) the appropriate level of the public debt is as follows:
Fiscal year 1982: $1,046,100,000,000;
Fiscal year 1983: $1,061,500,000,000;

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:
Fiscal year 1982: $67,500,000,000;
Fiscal year 1983: $15,400,000,000.

(b) Based on allocations of the appropriate levels of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the preceding subsection of this resolution, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):
Fiscal year 1982:
(A) New budget authority, $208,300,000,000;
(B) Outlays, $186,800,000,000.
Fiscal year 1983:
(A) New budget authority, $237,400,000,000;
(B) Outlays, $212,200,000,000.
(2) International Affairs (150):
Fiscal year 1982:
(A) New budget authority, $15,700,000,000;
(B) Outlays, $10,200,000,000.
Fiscal year 1983:
(A) New budget authority, $15,200,000,000;
(B) Outlays, $9,900,000,000.
(3) General Science, Space, and Technology (250):
Fiscal year 1982:
(A) New budget authority, $7,000,000,000;
(B) Outlays, $6,800,000,000.
Fiscal year 1983:
(A) New budget authority, $7,100,000,000;
(B) Outlays, $7,000,000,000.
(4) Energy (270):
Fiscal year 1982:
(A) New budget authority, $7,100,000,000;
(B) Outlays, $10,200,000,000.
Fiscal year 1983:
(A) New budget authority, $9,500,000,000;
(B) Outlays, $11,300,000,000.
(5) Natural Resources and Environment (300):
Fiscal year 1982:
(A) New budget authority, $12,800,000,000;
(B) Outlays, $13,400,000,000.
Fiscal year 1983:
(A) New budget authority, $13,100,000,000;
(B) Outlays, $13,400,000,000.
(6) Agriculture (350):
Fiscal year 1982:
(A) New budget authority, $5,800,000,000;
(B) Outlays, $4,200,000,000.
Fiscal year 1983:
(A) New budget authority, $5,500,000,000;
(B) Outlays, $4,500,000,000.
(7) Commerce and House Credit (370):
Fiscal year 1982:
(A) New budget authority, $5,800,000,000;
(B) Outlays, $2,700,000,000.
Fiscal year 1983:
(A) New budget authority, $6,300,000,000;
(B) Outlays, $2,800,000,000.
(8) Transportation (400):

Fiscal year 1982:
(A) New budget authority, $20,200,000,000;
(B) Outlays, $20,000,000,000.
Fiscal year 1983:
(A) New budget authority, $20,800,000,000;
(B) Outlays, $21,000,000,000.
(9) Community and Regional Development (450):
Fiscal year 1982:
(A) New budget authority, $8,600,000,000;
(B) Outlays, $8,800,000,000.
Fiscal year 1983:
(A) New budget authority, $6,700,000,000;
(B) Outlays, $8,600,000,000.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1982:
(A) New budget authority, $32,200,000,000;
(B) Outlays, $31,100,000,000.
Fiscal year 1983:
(A) New budget authority, $33,200,000,000;
(B) Outlays, $32,100,000,000.
(11) Health (550):
Fiscal year 1982:
(A) New budget authority, $81,500,000,000;
(B) Outlays, $75,000,000,000.
Fiscal year 1983:
(A) New budget authority, $92,400,000,000;
(B) Outlays, $84,700,000,000.
(12) Income Security (600):
Fiscal year 1982:
(A) New budget authority, $287,500,000,000;
(B) Outlays, $255,200,000,000.
Fiscal year 1983:
(A) New budget authority, $314,300,000,000;
(B) Outlays, $281,700,000,000.
(13) Veterans Benefits and Services (700):
Fiscal year 1982:
(A) New budget authority, $24,100,000,000;
(B) Outlays, $23,300,000,000.
Fiscal year 1983:
(A) New budget authority, $26,000,000,000;
(B) Outlays, $25,600,000,000.
(14) Administration of Justice (750):
Fiscal year 1982:
(A) New budget authority, $4,500,000,000;
(B) Outlays, $4,600,000,000.
Fiscal year 1983:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,700,000,000.
(15) General Government (800):
Fiscal year 1982:
(A) New budget authority, $4,900,000,000;
(B) Outlays, $4,800,000,000.
Fiscal year 1983:
(A) New budget authority, $5,200,000,000;
(B) Outlays, $5,000,000,000.
(16) General Purpose Fiscal Assistance (850):
Fiscal year 1982:
(A) New budget authority, $6,400,000,000;
(B) Outlays, $6,400,000,000.
Fiscal year 1983:
(A) New budget authority, $6,500,000,000;
(B) Outlays, $6,500,000,000.
(17) Interest (900):
Fiscal year 1982:
(A) New budget authority, $73,800,000,000;
(B) Outlays, $73,800,000,000.
Fiscal year 1983:
(A) New budget authority, $76,400,000,000;
(B) Outlays, $76,400,000,000.
(18) Undistributed Offsetting Receipts (950):
Fiscal year 1982:
(A) New budget authority, —$27,400,000,000;
(B) Outlays, —$27,400,000,000.
Fiscal year 1983:
(A) New budget authority, —$29,700,000,000;
(B) Outlays, —$29,700,000,000.

GENERAL PROVISIONS

SEC. 5. There is established a Congressional Federal Credit Budget for fiscal year 1981.

(a) The appropriate levels of total Federal credit activity for fiscal year 1981 are:

(1) New direct loan obligations, $73,500,000,000;

(2) New primary loan guarantee commitments $82,800,000,000;

(3) New secondary loan guarantee commitments, $53,000,000,000.

(b) It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit in fiscal year 1981 the off-budget lending activity of the Federal Government to a level not to exceed $28,000,000,000, the on-budget lending activity to a level not to exceed $44,600,000,000, and new primary loan guarantee commitments to a level not to exceed $82,800,000,000, and new secondary loan guarantee commitments to a level not to exceed $53,000,000,000.

SEC. 6. The Congress recognizes that (other than for certain minor changes adopted at the start of the Ninety-sixth Congress as revisions to the rules of the House) there have been no changes to the Budget Act of 1974. It is the sense of the Congress that after six years of experience under the Budget Act, the time is right for considering revisions and modifications to the Budget Act so as to improve the congressional budget process. Accordingly, the Congress believes that a review of the Budget Act and the congressional budget process should be undertaken without delay.

SEC. 7. Pursuant to section 310 of the Budget Act, it shall not be in order in either the House of Representatives or the Senate to consider any resolution providing for the adjournment sine die of either House unless action has been completed on H.R. 7765, the Omnibus Reconciliation Act of 1980.

SEC. 8. It is the sense of the Congress that due to the extreme rate of inflation in the U.S. economy, the possible inflationary effects of federal regulations and legislation shall be carefully monitored as part of a program of fiscal restraint. Inflationary effects should therefore be a prime consideration in developing both regulations and legislation. In order to coordinate the aggregate economic impact of regulations with federal fiscal policy, it is the sense of Congress that the President should implement a "Zero Net Inflation Impact" policy for the regulations promulgated in the remainder of fiscal year 1981. This policy will require the President to keep an accounting for fiscal year 1981 of all new regulations which have a significant, measurable cost to the economy. Cost-saving modification need not affect the same area of economic activity as the cost-inducing regulations. The President should institute an exemption procedure to assure the promulgation of regulations necessary to avert any imminent threat to health and safety.

It is also the sense of Congress that the Director of the Congressional Budget Office should issue a periodic "inflation scorekeeping" report which shall contain an estimate of the positive or negative inflationary effects, wherever measurable, of legislation enacted to date in the current session of Congress. The report shall also indicate for each bill, promptly after it is reported by a Committee of Congress, whether:

(1) it is judged to have no significant positive or negative impact on inflation;

(2) it is judged to have a positive or negative inflationary impact of the amount specified in terms of both dollar amounts and change in the Consumer Price Index; or

(3) it is judged likely to have a significant positive or negative impact on inflation, but the amount cannot be determined immediately.

And the Senate agree to the same.

R. N. GIAIMO,
PAUL SIMON,
NORMAN MINETA,
JAMES JONES,
STEPHEN J. SOLARZ,
RICHARD GEPHARDT,
W. H. GRAY,
Managers on the Part of the House.

ERNEST F. HOLLINGS,
LAWTON CHILES,
JOE BIDEN,
HOWARD M. METZENBAUM,
DANIEL P. MOYNIHAN,
J. J. EXON,
HENRY BELLMON,
PETE V. DOMENICI,
BOB PACKWOOD,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the concurrent resolution (H. Con. Res. 448) revising the congressional budget for the United States Government for fiscal years 1981, 1982, and 1983 submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

ECONOMIC ASSUMPTIONS

The economic assumptions used in the spending and reveue estimates in the Conference Agreement are shown in the table below.

[Calendar years; dollar amounts in billions]

	1980	1981
Gross national product:		
Current dollars	$2,570	$2,841
Constant dollars	1,422	1,437
Incomes:		
Wages and salaries	1,332	1,469
Nonwage income	446	502
Corporate profits	232	237
Unemployment rate (percent)	7.3	8.0
Consumer Price Index (percent change year to year)	13.3	10.3
Interest rate, 3-mo Treasury bills (percent)	11.0	10.6

BUDGET AGGREGATES FOR FISCAL YEAR 1981

Revenues

The House Resolution provided revenues of $606.7 billion in fiscal year 1981.

The Senate resolution included revenues of $606.7 billion in fiscal year 1981.

The conference agreement provides revenues of $605.0 billion in fiscal year 1981. This amount assumes a net tax reduction of $10.1 billion in 1981.

Budget authority

The House resolution provided budget authority of $689.5 billion. The Senate amendment provided budget authority of $699.6 billion.

The conference agreement provides budget authority of $694.6 billion.

Outlays

The House resolution provided outlays of $631.75 billion. The Senate amendment provided outlays of $633.0 billion.

The conference agreement provides outlays of $632.4 billion.

Deficit

The House resolution assumed a deficit of $25.05 billion. The Senate amendment assumed a deficit of $34.7 billion.

The conference agreement provides for a deficit of $27.4 billion.

Public Debt

The House resolution provided for a public debt level of $971.0 billion. The Senate amendment provided for a public debt level of $978.6 billion.

The conference agreement provides for a public debt level of $978.6 billion.

CREDIT BUDGET

The House and Senate passed Budget Resolutions included aggregate targets for the appropriate level of Federal credit activity. The conference agreement provides $73.5 billion for new direct loan obligations and $82.8 billion for new primary loan guarantee commitments and a $53.0 billion for secondary loan guarantee commitments (shown in table below).

CREDIT BUDGET

[In billions of dollars]

Credit budget	House resolution	Senate resolution	Conference substitute
New direct loan obligations:			
On-budget agencies	44.65	36.2	44.6
Off-budget agencies	28.9	32.1	28.9
Total, new direct loan obligations	73.55	68.3	73.5
New primary loan guarantee commitments	76.4	75.1	82.8
New secondary loan guarantee commitments	53.1	53.1	53.0

The conference agreement also includes sense of the Congress language which encourages the President and the Congress, through the Appropriations process, to limit the credit activities of the Federal Government to the amounts in each category set forth in the table above.

FUNCTIONAL CATEGORIES

050: National defense

The House resolution provided budget authority of $171.8 billion and outlays of $158.7 billion. The Senate amendment provided budget authority of $173.6 billion and outlays of $159.4 billion.

The conference agreement provides budget authority of $173.7 billion and outlays of $159.05 billion.

150: International affairs

The House resolution provided budget authority of $23.5 billion and outlays of $10.4 billion. The Senate amendment provided budget authority of $24.2 billion and outlays of $10.6 billion.

The conference agreement provides budget authority of $23.85 billion and outlays of $10.5 billion.

250: General science, space, and technology

The House resolution provided budget authority of $6.15 billion and outlays of $5.95 billion. The Senate amendment provided budget authority of $6.6 billion and outlays of $6.2 billion.

The conference agreement provides budget authority of $6.4 billion and outlays of $6.1 billion.

270: Energy

The House resolution provided budget authority of $5.35 billion and outlays of $6.15 billion. The Senate amendment provided budget authority of $6.3 billion and outlays of $7.4 billion.

The conference agreement provides budget authority of $5.85 billion and outlays of $7.8 billion.

300: Natural Resources and Environment

The House resolution provided budget authority of $11.9 billion and outlays of $13.1 billion. The Senate amendment provided budget authority of $11.9 billion and outlays of $13.1 billion.

The conference agreement provides budget authority of $11.9 billion and outlays of $13.1 billion.

350: Agriculture

The House resolution provided budget authority of $5.25 billion and outlays of $2.05 billion. The Senate amendment provided budget authority of $5.5 billion and outlays of $2.2 billion.

The conference agreement provides budget authority of $5.35 billion and outlays of $2.1 billion.

370: Commerce and housing credit

The House resolution provided budget authority of $5.3 billion and outlays of $1.4 billion. The Senate amendment provided budget authority of $5.2 billion and outlays of $0.5 billion.

The conference agreement provides budget authority of $5.25 billion and outlays of $0.95 billion.

400: Transportation

The House resolution provided budget authority of $21.85 billion and outlays of $20.05 billion. The Senate amendment provided budget authority of $20.7 billion and outlays of $19.3 billion.

The conference agreement provides budget authority of $21.3 billion and outlays of $19.7 billion.

450: Community and regional development

The House resolution provided budget authority of $9.75 billion and outlays of $11.2 billion. The Senate amendment provided budget authority of $8.7 billion and outlays of $9.7 billion.

The conference agreement provides budget authority of $9.25 billion and outlays of $10.45 billion.

500: Education, training, employment, and social services

The House resolution provided budget authority of $32.6 billion and outlays of $30.25 billion. The Senate amendment provided budget authority of $30.6 billion and outlays of $29.4 billion.

The conference agreement provides budget authority of $31.6 billion and outlays of $29.8 billion.

550: Health

The House resolution provided budget authority of $67.1 billion and outlays of $62.7 billion. The Senate amendment provided budget authority of $70.0 billion and outlays of $63.6 billion.

The conference agreement provides budget authority of $68.55 billion and outlays of $63.15 billion.

600: Income security

The House resolution provided budget authority of $244.65 billion and outlays of $222.7 billion. The Senate amendment provided budget authority of $253.0 billion and outlays of $228.4 billion.

The conference agreement provides budget authority of $248.6 billion and outlays of $225.55 billion.

700: Veterans benefits and services

The House resolution provided budget authority of $21.6 billion and outlays of $21.35 billion. The Senate amendment provided budget authority of $22 .6 billion and outlays of $22.0 billion.

The conference agreement provides budget authority of $22.1 billion and outlays of $21.7 billion.

750: Administration of Justice

The House resolution provided budget authority of $3.95 billion and outlays of $4.35 billion. The Senate amendment provided budget authority of $4.3 billion and outlays of $4.6 billion.

The conference agreement provides budget authority of $4.1 billion and outlays of $4.45 billion.

800: General Government

The House resolution provided budget authority of $4.45 billion and outlays of $4.35 billion. The Senate amendment provided budget authority of $4.8 billion and outlays of $4.5 billion.

The conference agreement provides budget authority of $4.6 billion and outlays of $4.4 billion.

850: General Purpose Fiscal Assistance

The House resolution provided budget authority of $6.75 billion and outlays of $7.35 billion. The Senate amendment provided budget authority of $6.2 billion and outlays of $6.7 billion.

The conference agreement provides budget authority of $6.5 billion and outlays of $7.05 billion.

900: Interest

The House resolution provided budget authority of $73.65 billion and outlays of $73.65 billion. The Senate amendment provided budget authority of $70.1 billion and outlays of $70.1 billion.

The conference agreement provides budget authority of $71.9 billion and outlays of $71.9 billion.

920: Allowances

The House resolution provided budget authority of $0.8 billion and outlays of $0.95 billion. The Senate amendment provided no budget authority or outlays in this function, but instead allocated these amounts among the appropriate functions.

The conference agreement provides budget authority of $0.4 billion and outlays of $0.45 billion.

950: Undistributed offsetting receipts

The House resolution provided budget authority of —$26.9 billion and outlays of —$26.9 billion. The Senate amendment provided budget authority of —$24.7 billion and outlays of —$24.7 billion.

The conference agreement provides budget authority of —$25.8 billion and outlays of —$25.8 billion.

FUTURE FISCAL YEARS

Both the Senate and House resolutions contained multi-year budgets setting forth aggregate and functional totals for fiscal years 1981, 1982, and 1983. The 1981 budget totals contained in the conference agreement have been discussed in the preceding sections. The managers did not agree on a single set of budget totals for 1982 and 1983. The conference agreement includes two sets of budget totals for fiscal years 1982 and 1983. The following tables set forth the future year budget totals of the Senate and House as included in the conference agreement.

HOUSE BUDGET PLAN

[In billions of dollars]

	Function	Fiscal year 1981 Budget authority	Fiscal year 1981 Outlays	Fiscal year 1982 Budget authority	Fiscal year 1982 Outlays	Fiscal year 1983 Budget authority	Fiscal year 1983 Outlays
050	National defense	172.7	159.05	193.3	179.45	218.1	201.7
150	International affairs	23.85	10.5	17.1	10.2	17.85	10.6
250	General science, space, and technology	6.4	6.1	6.25	6.35	6.2	6.7
270	Energy	5.85	7.8	7.35	9.25	8.95	10.7
300	Natural resources and environment	11.9	13.1	12.45	12.75	13.4	13.05
350	Agriculture	5.35	2.1	5.4	4.0	5.15	4.4
370	Commerce and housing credit	5.25	.95	6.1	3.05	6.55	3.1
400	Transportation	21.3	19.7	21.55	20.8	22.5	22.6
450	Community and regional development	9.25	10.45	8.6	9.0	9.2	8.3
500	Education, training, employment, and social services	31.6	29.8	33.8	33.05	36.55	34.85
550	Health	68.55	63.15	79.25	73.25	89.15	82.65
600	Income security	248.8	225.55	276.1	248.1	300.15	269.15
700	Veterans benefits and services	22.1	21.7	23.35	22.75	24.9	24.45
750	Administrationof justice	4.1	4.45	4.3	4.35	4.65	4.65
800	General government	4.6	4.4	4.65	4.55	5.0	4.85
850	General purpose fiscal assistance	6.5	7.05	6.95	7.1	6.5	6.55
900	Interest	71.9	71.9	76.7	76.7	77.7	77.7
920	Allowances	.4	.45	.95	.95	.9	.9
950	Undistributed offsetting receipts	−25.8	−25.8	−29.7	−29.7	−31.6	−31.6
	Total	694.6	632.4	754.45	695.95	821.8	755.3
	Revenues		605.0		682.1		778.3
	Deficit (−) or surplus (+)		−27.4		−13.85		+23.0
	Public debt		978.6		1,017.85		1,031.85

	Function	Fiscal year 1981 Budget authority	Fiscal year 1981 Outlays	Fiscal year 1982 Budget authority	Fiscal year 1982 Outlays	Fiscal year 1983 Budget authority	Fiscal year 1983 Outlays
	SENATE AGGREGATE AND FUNCTIONAL TOTALS						
050	National defense	172.7	159.05	208.3	186.8	237.4	212.2
150	International Affairs	23.85	10.5	15.7	10.2	15.2	9.9
250	General science, space, and technology	6.4	6.1	7.0	6.8	7.1	7.0
270	Energy	5.85	7.8	7.1	10.2	9.5	11.3
300	Natural resources and environment	11.9	13.1	12.8	13.4	13.1	13.4
350	Agriculture	5.35	2.1	5.8	4.2	5.5	4.5
370	Commerce and housing credit	5.25	.95	5.8	2.7	6.3	2.8
400	Transportation	21.3	19.7	20.2	20.0	20.8	21.0
450	Community and regional development	9.25	10.45	8.6	8.8	8.7	8.6
500	Education, training, employment, and social services	31.6	29.8	32.2	31.1	33.2	32.1
550	Health	68.55	63.15	81.5	75.0	92.4	84.7
600	Income security	248.8	225.55	287.5	255.2	314.3	281.7
700	Veterans benefits and services	22.1	21.7	24.1	23.3	26.0	25.6
750	Administration of Justice	4.1	4.45	4.5	4.6	4.7	4.7
800	General government	4.6	4.4	4.9	4.8	5.2	5.0
850	General purpose fiscal assistance	6.5	7.05	6.4	6.4	6.5	6.5
900	Interest	71.9	71.9	73.8	73.8	76.4	76.4
920	Allowances	.4	.45				
950	Undistributed offsetting receipts	−25.8	−25.8	−27.4	−27.4	−29.7	−29.7
	Total	694.6	632.4	778.8	709.9	852.6	777.7
	Revenues		605.0		672.4		766.5
	Deficit		−27.4		−37.5		−11.2
	Public debt		978.6		1,046.1		1,061.5

BUDGET AGGREGATES AND FUNCTIONAL CATEGORIES

The following table summarizes the budget decisions of the conference:

	House passed	Senate passed	Conference agreement
Budget authority	689.5	699.6	694.6
Outlays	631.75	633.0	632.4
Revenues	606.7	598.3	605.0
Deficit	−25.05	−34.7	−27.4
Public debt	971.0	978.6	978.6
050 National defense:			
Budget authority	171.8	173.6	172.7
Outlays	158.7	159.4	159.05
150 International affairs:			
Budget authority	23.5	24.2	23.85
Outlays	10.4	10.6	10.5
250 General science, space, and technology:			
Budget authority	6.15	6.6	6.4
Outlays	5.95	6.2	6.1
270 Energy:			
Budget authority	5.35	6.3	5.85
Outlays	8.15	7.4	7.8
300 Natural resources and environment:			
Budget authority	11.9	11.9	11.9
Outlays	13.1	13.1	13.1
350 Agriculture:			
Budget authority	5.25	5.5	5.35
Outlays	2.05	2.2	2.1
370 Commerce and housing credit:			
Budget authority	5.3	5.2	5.25
Outlays	1.4	.5	.95
400 Transportation:			
Budget authority	21.85	20.7	21.3
Outlays	20.05	19.3	19.7
450 Community and regional development:			
Budget authority	9.75	8.7	9.25
Outlays	11.2	9.7	10.45
500 Education, training, employment, and social services:			
Budget authority	32.6	30.6	31.6
Outlays	30.25	29.4	29.8
550 Health:			
Budget authority	67.1	70.0	68.55
Outlays	62.7	63.6	63.15
600 Income security:			
Budget authority	244.65	253.0	248.8
Outlays	222.7	228.4	225.55
700 Veterans benefits and services:			
Budget authority	21.6	22.6	22.1
Outlays	21.35	22.0	21.7
750 Administration of justice:			
Budget authority	3.95	4.3	4.1
Outlays	4.35	4.6	4.45
800 General government:			
Budget authority	4.45	4.8	4.6
Outlays	4.35	4.5	4.4
850 General purpose fiscal assistance:			
Budget authority	6.75	6.2	6.5
Outlays	7.35	6.7	7.05
900 Interest:			
Budget authority	73.65	70.1	71.9
Outlays	73.65	70.1	71.9
920 Allowances:			
Budget authority	.8		.4
Outlays	.95		.45
950 Undistributed offsetting receipts:			
Budget authority	−26.9	−24.7	−25.8
Outlays	−26.9	−24.7	−25.8

GENERAL PROVISIONS

The House resolution contained a provision recommending that a review of the Budget Act and the congressional budget process should be undertaken without delay. The Senate amendment did not contain that provision. The Senate recedes.

The House resolution contained a provision barring congressional consideration of an adjournment resolution unless action is completed on the Omnibus Reconciliation Act of 1980. The Senate amendment did not contain that provision. The Senate recedes.

The Senate amendment expressed the sense of the Congress that the President should implement a "Zero Net Inflation Impact" policy for Federal regulations issued in FY 1981 and develop an accounting system of the costs and economic impact of regulations, and that the Director of the Congressional Budget Office should report periodically on the possible inflationary effects of legislation reported and enacted by Congress. The House resolution did not contain that provision. The House recedes.

ALLOCATION OF BUDGET AUTHORITY AND OUTLAYS TO HOUSE AND SENATE COMMITTEES

Pursuant to section 302 of the Congressional Budget and Impoundment Control Act of 1974, the conference agreement makes the following estimated allocation of the appropriate levels of total new budget authority and total budget outlays among the committees of the respective Houses:

SENATE COMMITTEE ALLOCATIONS PURSUANT TO SEC. 302 OF THE CONGRESSIONAL BUDGET ACT, FISCAL YEAR 1981

[In billions of dollars]

Fiscal year 1981	Direct spending jurisdiction		Entitlements funded in annual appropriation acts	
	Budget authority	Outlays	Budget authority	Outlays
Appropriations Committee	424.0	394.7	.....	.....
Agriculture, Nutrition, and Forestry Committee	.5	1.2	3.4	3.4
Armed Services Committee	(1)	(1)	13.6	13.6
Banking, Housing, and Urban Affairs Committee	7.4	−3.1	.....	.....
Commerce, Science, and Transportation Committee	1.2	(2)	.3	.3
Energy and Natural Resources Committee	1.6	.8	.1	.1
Environment and Public Works Committee	9.1	2.3	.....	.....
Finance Committee	287.3	284.6	41.0	39.7
Foreign Relations Committee	12.6	10.4	.....	.....
Governmental Affairs Committee	35.0	25.3	.....	.....
Judiciary Committee	.2	.2	.1	.1
Labor and Human Resources Committee	4.9	5.4	4.0	3.9
Rules and Administration Committee	(2)	(2)	.....	.....
Veterans' Affairs Committee	1.2	1.0	14.5	14.6
Select Committee on Indian Affairs	.4	.3	.....	.....
Select Committee on Small Business	(4)	.....	.....	.....
Not allocated to committees	−90.9	−90.6	.....	.....
Total, budget	694.6	632.4	77.0	75.6

[1] Less than $15,000,000.
[2] Less than $30,000,000.
[3] Less than $45,000,000.
[4] Less than $5,000,000.

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(A) OF THE CONGRESSIONAL BUDGET ACT

[In millions of dollars]

	Fiscal year 1981	
	Budget authority	Outlays
HOUSE APPROPRIATIONS COMMITTEE		
050 National Defense	173,532	159,883
150 International Affairs	16,031	11,866
250 General Science, Space, and Technology	6,473	6,149
270 Energy	7,748	8,840
300 Natural Resources and Environment	14,085	15,286
350 Agriculture	5,340	1,674
370 Commerce and Housing Credit	4,581	3,549
400 Transportation	12,325	20,780
450 Community and Regional Development	9,762	10,749
500 Education, Training, Employment, and Social Services	32,642	30,995
550 Health	34,991	34,738
600 Income Security	74,976	52,633
700 Veterans Benefits and Services	21,894	21,708
750 Administration of Justice	4,180	4,510
800 General Government	7,821	7,424
850 General Purpose Fiscal Assistance	5,780	5,682
920 Allowances	623	727
Committee total	432,583	397,195
NOT ALLOCATED TO COMMITTEES		
050 National Defense	−837	−837
150 International Affairs	−11,095	−11,095
250 General Science, Space, and technology	−3	−3
270 Energy	−2,728	−2,728
300 Natural Resources and Environment	−2,437	−2,437
350 Agriculture	−67	−67
370 Commerce and Housing Credit	−232	−232
400 Transportation	−463	−463
450 Community and Regional Development	−354	−354
500 Education, Training, Employment, and Social Services	−387	−387
550 Health	−9,589	−9,589
600 Income Security	−6,079	−6,079
700 Veterans Benefits and Services	−565	−565
750 Administration of Justice	−13	−13
800 General Government	−12,140	−12,140
850 General Purpose Fiscal Assistance	−4,596	−4,596
900 Interest	−12,712	−12,712
950 Undistributed Offsetting Receipts	−25,800	−25,800
Committee total	−90,097	−90,098
HOUSE AGRICULTURE COMMITTEE		
300 Natural Resources and Environment	286	268
350 Agriculture	103	518
450 Community and Regional Development	0	250
850 General Purpose Fiscal Assistance	320	320
900 Interest	−60	−60
Committee total	349	1,296
HOUSE ARMED SERVICES COMMITTEE		
050 National Defense	5	5
Committee total	5	5
HOUSE BANKING, FINANCE AND URBAN AFFAIRS COMMITTEE		
150 International Affairs	6,744	−365
370 Commerce and Housing Credit	886	−2,191
450 Community and Regional Development	39	59
500 Education, Training, Employment, and Social Services	0	1
600 Income Security	295	0
700 Veterans Benefits and services	0	2
800 General Government	3	3
900 Interest	10	10
Committee total	7,977	−2,481
HOUSE DISTRICT OF COLUMBIA COMMITTEE		
750 Administration of Justice	8	8
Committee total	8	8
HOUSE EDUCATION AND LABOR COMMITTEE		
500 Education, Training, Employment, and Social Services	24	21
600 Income Security	11	11
Committee total	35	32
HOUSE FOREIGN AFFAIRS COMMITTEE		
150 International Affairs	12,336	10,238
250 General Science, Space, and Technology	−3	−2
270 Energy	−1	−14
300 Natural Resources and Environment	−20	−10
350 Agriculture	−1	−1
370 Commerce and Housing Credit	4	−3
400 Transportation	−44	−24
450 Community and Regional Development	−29	−25
500 Education, Training, Employment, and Social Services	−50	−35
550 Health	−60	−50
600 Income Security	30	47
700 Veterans benefits and services	−21	−11
750 Administration of Justice	−3	−2
800 General Government	−3	−2
850 General Purpose Fiscal Assistance	−17	−13
920 Allowances	−10	−12
Committee total	12,107	10,081
HOUSE GOVERNMENT OPERATIONS COMMITTEE		
150 International Affairs	−3	−3
250 General Science, Space, and Technology	−1	−1
270 Energy	−1	−7
300 Natural Resources and Environment	−10	−5
350 Agriculture	−1	0
370 Commerce and Housing Credit	−1	−5
400 Transportation	−15	−11
450 Community and Regional Development	−10	−12
500 Education, Training, Employment, and Social Services	−50	−20
550 Health	−20	−15
600 Income Security	−85	−60
700 Veterans Benefits and Services	−7	−5
750 Administration of Justice	−1	−1
850 General Purpose Fiscal Assistance	4,561	5,135
920 Allowances	−4	−5
Committee total	4,351	4,985
HOUSE ADMINISTRATION COMMITTEE		
500 Education, training, employment, and social services	5	4
800 General government	35	9
Committee total	40	14
HOUSE INTERIOR AND INSULAR AFFAIRS COMMITTEE		
270 Energy	15	15
300 Natural resources and environment	36	7
450 Community and regional development	384	303
800 General government	30	30
850 General purpose fiscal assistance	472	472
900 Interest	2	2
Committee total	940	828
HOUSE INTERSTATE AND FOREIGN COMMERCE COMMITTEE		
150 International affairs	−4	−3
250 General science, space, and technology	−2	−1
270 Energy	839	−7
300 Natural resources and environment	−10	−5
350 Agriculture	−1	−1
370 Commerce and housing credit	22	18
400 Transportation	−21	−13
450 Community and regional development	−14	−13
500 Education, training, employment, and social services	−50	−20
550 Health	−25	−15
600 Income security	4,992	5,514
700 Veterans benefits and services	−10	−6
750 Administration of justice	−2	−1
800 General government	−2	−1
850 General purpose fiscal assistance	−3	−1
920 Allowances	−5	−6
Committee total	5,705	5,438
HOUSE JUDICIARY COMMITTEE		
370 Commerce and Housing Credit	18	17
600 Income Security	8	11
750 Administration of Justice	0	−5
800 General Government	154	154
Committee total	181	178
HOUSE MERCHANT MARINE AND FISHERIES COMMITTEE		
300 Natural Resources and Environment	149	134
370 Commerce and Housing Credit	30	19
400 Transportation	332	−34
850 General Purpose Fiscal Assistance	4	7
Committee total	516	125

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(A) OF THE CONGRESSIONAL BUDGET ACT—Continued

[In millions of dollars]

		Fiscal year 1981	
		Budget authority	Outlays
	HOUSE POST OFFICE AND CIVIL SERVICE COMMITTEE		
150	International Affairs	−23	−15
250	General Science, Space, and Technology	−10	−5
270	Energy	−3	−33
300	Natural Resources and Environment	−50	−25
350	Agriculture	−3	−3
370	Commerce and Housing Credit	−1	−17
400	Transportation	−127	−59
450	Community and Regional Development	−84	−61
500	Education, Training, Employment, and Social Services	−200	−85
550	Health	−180	−185
600	Income Security	26,164	16,158
700	Veterans Benefits and Services	−60	−26
750	Administration of Justice	−10	−5
800	General Government	8,955	8,960
850	General Purpose Fiscal Assistance	−50	−31
920	Allowances	−30	−28
	Committee total	34,288	24,540
	HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE		
150	International Affairs	−7	−2
250	General Science, Space, and Technology	−3	−1
270	Energy	−1	1,997
300	Natural Resources and Environment	167	76
350	Agriculture	−1	0
370	Commerce and Housing Credit	−3	−3
400	Transportation	10,012	−10
450	Community and Regional Development	14	41
500	Education, Training, Employment, and Social Services	−50	−5
550	Health	−50	−40
600	Income Security	−202	−30
700	Veterans Benefits and Services	−17	−3
750	Administration of Justice	−3	−1
800	General Government	−3	−1
850	General Purpose Fiscal Assistance	−14	−3
920	Allowances	−8	−3
	Committee total	9,831	2,014
	HOUSE SCIENCE AND TECHNOLOGY COMMITTEE		
205	General Science, Space, and Technology	5	5
300	Natural Resources and Environment	13	13
	Committee total	18	18
	HOUSE SMALL BUSINESS COMMITTEE		
450	Community and Regional Development	1	0
	Committee total	1	0
	HOUSE VETERANS AFFAIRS COMMITTEE		
700	Veterans Benefits and Services	1,218	806
	Committee total	1,218	806
	HOUSE WAYS AND MEANS COMMITTEE		
150	International Affairs	−129	−122
250	General Science, Space, and Technology	−55	−41
270	Energy	−18	−263
300	Natural Resources and Environment	−310	−202
350	Agriculture	−18	−20
370	Commerce and Housing Credit	−55	−203
400	Transportation	−699	−466
450	Community and Regional Development	−460	−486
500	Education, Training, Employment, and Social Services	−284	−670
550	Health	43,483	38,306
600	Income Security	148,690	157,345
700	Veterans Benefits and Services	−331	−203
750	Administration of Justice	−55	−41
800	General Government	−51	−36
850	General Purpose Fiscal Assistance	44	77
900	Interest	84,660	84,660
920	Allowances	−166	−223
	Committee total	274,246	277,415

R. N. GIAIMO,
PAUL SIMON,
NORMAN MINETA,
JAMES JONES,
STEPHEN J. SOLARZ,
RICHARD GEPHARDT,
W. H. GRAY,
Managers on the Part of the House.

ERNEST F. HOLLINGS,
LAWTON CHILES,
JOE BIDEN,
HOWARD M. METZENBAUM,
DANIEL P. MOYNIHAN,
J. J. EXON,
HENRY BELLMON,
PETE V. DOMENICI,
BOB PACKWOOD,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. WAMPLER (at the request of Mr. RHODES), for Thursday, November 20, and Friday, November 21, on account of death in the family.

Mrs. SPELLMAN (at the request of Mr. WRIGHT), for an indefinite period, on account of illness.

Mr. LEHMAN (at the request of Mr. WRIGHT), for today, on account of illness.

Mr. COTTER (at the request of Mr. WRIGHT), for today through Friday, November 21, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. GONZALEZ, for 60 minutes, today.

(The following Members (at the request of Mr. SAWYER) to revise and extend their remarks and include extraneous material:)

Mrs. HECKLER, for 10 minutes, today.

Mr. ASHBROOK, for 15 minutes, today.

(The following Members (at the request of Mr. LOWRY) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Ms. FERRARO, for 5 minutes, today.

Mr. NEAL, for 5 minutes, today.

Mr. DE LA GARZA, for 60 minutes, December 3, 1980.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. GORE, and to include extraneous matter notwithstanding the fact that it exceeds two pages of the CONGRESSIONAL RECORD and is estimated by the Public Printer to cost $2,358.

(The following Members (at the request of Mr. SAWYER) and to include extraneous matter:)

Mr. DERWINSKI in two instances.

Mr. RITTER.

Mr. COLLINS of Texas in two instances.

Mr. FORSYTHE.

Mr. SOLOMON.

Mr. MCKINNEY.

Mr. CLAUSEN.

Mr. HAMMERSCHMIDT.

Mr. LEE.

Mr. ASHBROOK.

Mr. MICHEL.

(The following Members (at the request of Mr. LOWRY) and to include extraneous matter:)

Mr. STOKES.

Mr. BEVILL.

Mr. RODINO in three instances.

Mr. BENJAMIN in two instances.

Mr. KILDEE in two instances.

Mr. CORRADA.

Mr. NOLAN.

Mr. FUQUA.

Mr. HAMILTON in two instances.

Mr. GARCIA.

Mr. DOWNEY.

Mr. HALL of Texas.

Mr. MOTTL.

Mr. MILLER of California.

Mr. DRINAN.

BILLS PRESENTED TO THE PRESIDENT

Mr. NEDZI, from the Committee on House Administration, reported that that committee did on November 18, 1980, present to the President, for his approval, bills of the House of the following titles:

H.R. 1762. An act to convey all interests of the United States in certain real property in Sandoval County, N. Mex., to Walter Hernandez;

H.R. 3459. An act to waive the statute of limitations with regard to the claim of Eazor Express, Inc., of Pittsburgh, Pa., against the United States; and

H.R. 7764. An act for the relief of Dr. Eric George Six, Ann Elizabeth Six, and Karen Elizabeth Mary Six.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 47 minutes p.m.), the House adjourned until tomorrow, Thursday, November 20, 1980, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

5649. A communication from the President of the United States, transmitting various budget amendments for fiscal year 1981 (H. Doc. No. 96-382) to the Committee on Appropriations and ordered to be printed.

5650. A letter from the Under Secretary of the Army, transmitting a report on the

discovery and emergency disposal of three suspected lethal nerve agent munitions at Dugway Proving Ground, Utah, pursuant to section 506(d) of Public Law 91-441; to the Committee on Armed Services.

5651. A letter from the Under Secretary of State for Security Assistance, Science and Technology, transmitting a list of arms sales proposals considered eligible for approval during fiscal year 1981, pursuant to section 25(d)(2) of the Arms Export Control Act; to the Committee on Foreign Affairs.

5652. A letter from the Chairman, Federal Energy Regulatory Commission, transmitting proposed regulations to exempt mechanical cogeneration facilities from the incremental pricing program required by section 201 of the Natural Gas Policy Act of 1978, pursuant to section 206(d) of the act; to the Committee on Interstate and Foreign Commerce.

5653. A letter from the Acting Deputy Secretary of Energy, transmitting a classification and evaluation of electric motors and pumps, pursuant to section 342(a) of the Energy Policy and Conservation Act, as amended; to the Committee on Interstate and Foreign Commerce.

5654. A letter from the Deputy Assistant Secretary of Energy, transmitting an interim report on unconventional gas sources; to the Committee on Interstate and Foreign Commerce.

5655. A letter from the Administrator of General Services transmitting an amended building project survey report requesting an increased authorization for a lease construction project in Providence, Rhode Island; to the Committee on Public Works and Transportation.

5656. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a report on negotiated contracts for experimental, developmental, test or research work, or for industrial mobilization in the interest of the national defense, covering the period January 1 through June 30, 1980, pursuant to 10 U.S.C. 2304(e); to the Committee on Science and Technology.

5657. A letter from the Comptroller General of the United States, transmitting a report on the States' and utilities' responsibilities in determining the need for future electrical generating capacity and for overseeing their plans for balancing electricity supply and demand (EMD-80-112, September 30, 1980); jointly, to the Committees on Government Operations, Agriculture, Interior and Insular Affairs, and Interstate and Foreign Commerce.

5658. A letter from the Comptroller General of the United States, transmitting a report on improving the management and coordination of reviews, inspections and evaluations in the United Nations system (ID-81-11, November 19, 1980); jointly, to the Committee on Government Operations and Foreign Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. GIAIMO: Committee of Conference. Conference report on House Concurrent Resolution 448 (Rept. No. 96-1469). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GOLDWATER:

H.R. 8367. A bill to amend title 39, United States Code, to provide for the establishment of a Free Enterprise Postage Stamp Advisory Committee and to provide for the establishment of a procedure by which domestic corporations may enter bids to have the U.S. Postal Service print, distribute, and sell postage stamps that contain the logos of such corporations; to the Committee on Post Office and Civil Service.

By Mr. GUARINI (for himself, Mr. HOLLAND, and Mr. SCHULZE):

H.R. 8368. A bill to amend the Internal Revenue Code of 1954 to provide that the investment tax credit shall apply to the acquisition of work and breeding horses to the extent that the cost of such horses does not exceed $100,000 for the taxable year; to the Committee on Ways and Means.

By Mr. JONES of North Carolina:

H.R. 8369. A bill to declare a portion of the Trent River of North Carolina to be nonnavigable; to the Committee on Interstate and Foreign Commerce.

By Mr. MOTTL:

H.R. 8370. A bill to amend the Internal Revenue Code of 1954 to increase the accumulated earnings credit from $150,000 to $300,000; to the Committee on Ways and Means.

By Mr. OBERSTAR:

H.R. 8371. A bill to prohibit discrimination in insurance on the basis of race, color, religion, sex, or national origin; to the Committee on Interstate and Foreign Commerce.

By Mr. PICKLE:

H.R. 8372. A bill to amend the mineral leasing laws of the United States to provide for uniform treatment of certain receipts under such laws, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. PRICE (for himself and Mr. BOB WILSON) (by request):

H.R. 8373. A bill to provide authority for additional nominations for consideration for appointment to the U.S. Military, Naval, and Air Force Academies; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BENJAMIN:

H.R. 8374. A bill for the relief of Steve Tandario; to the Committee on the Judiciary.

By Mr. EARLY:

H.R. 8375. A bill for the relief of Barnet Hellman; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 3057: Mr. SABO.

H.R. 4576: Mr. HANSEN, Mr. DAN DANIEL, Mr. LEVITAS, Mr. HUCKABY, Mr. IRELAND, Mr. DICKS, and Mr. WIRTH.

H.R. 6377: Ms. FERRARO.

H.R. 7504: Mr. DOUGHERTY and Mr. LEDERER.

H.R. 7704: Mr. BETHUNE, Mr. ROBERT W. DANIEL, JR., and Mr. ROUSSELOT.

H.R. 7868: Mr. RANGEL, Mr. NOLAN, Mr. FORD of Tennessee, Mr. STEWART, Mr. LELAND, Mr. DELLUMS, Mr. FAUNTROY, Mr. STOKES, Mr. VENTO, Mr. CARR, Mrs. CHISHOLM, Mr. KILDEE, Mr. BRODHEAD, and Mrs. COLLINS of Illinois.

H.R. 7935: Mrs. FENWICK.

H.R. 8076: Mr. BONKER, Mr. MAGUIRE, Mr. MCCLOSKEY, Mr. GOLDWATER, and Mr. FOWLER.

H.R. 8245: Mr. CHARLES WILSON of Texas.

H.R. 8252: Mr. HUTTO, Mr. LLOYD, Mr. CARR, Mr. CLAUSEN, Mr. JOHN L. BURTON, Mr. YOUNG of Alaska, and Mr. D'AMOURS.

H.J. Res. 219: Mr. MAGUIRE and Mr. KEMP.

H.J. Res. 230: Mr. NELSON.

H.J. Res. 598: Mr. HILLIS, Mr. GUARINI, and Mr. PEASE.

H. Con. Res. 358: Mr. PEPPER.

H. Con. Res. 447: Mr. JOHNSON of Colorado, Mr. CORRADA, Mr. BOWEN, Mr. KEMP, Mr. PICKLE, Mr. PANETTA, Mr. SCHEUER, and Mr. GINGRICH.

H. Res. 744: Mr. DORNAN.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

641. By the SPEAKER: Petition of the Board of County Commissioners, Hamilton County, Ohio, relative to the general revenue sharing program; to the Committee on Government Operations.

642. Also, petition of the Sully County Board of Commissioners, S. Dak., relative to the general revenue sharing program; to the Committee on Government Operations.

643. Also, petition of the Western States Land Commissioners Association, Sacramento, Calif., relative to studying the ownership and management of public lands in Western States; to the Committee on Interior and Insular Affairs.

644. Also, petition of the Western States Land Commissioners Association, Sacramento, Calif., relative to venue in civil actions with the Federal Government; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 5615

By Mr. STARK:

--Page 3, line 16, insert "classified" after "any".

Page 3, line 12, insert "substantially" immediately after "intent to".

Page 3, line 14, insert "substantially" immediately after "intent to".

Page 3, line 20, after the comma insert the following: "and such disclosure results in injury to such agent."

Page 3, line 13, immediately after "United States," insert the following: "as specifically and directly authorized by the President,".

Page 5, line 14, insert "only" before "such."

Page 5, line 14, strike out "may be determined by the President" and insert in lieu thereof "the President may specifically determine".

Page 5, strike out lines 18 through 20 and insert the following in lieu thereof:

"(b) The President shall submit copies of any procedure he establishes pursuant to subsection (a) to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate within ten legislative days after the date he establishes such procedures."

Page 7, lines 14 and 15, strike out "or" through "United States".

Page 7, line 15, insert "or" immediately after the semicolon.

Page 8, line 2, strike out the semicolon and all that follows through line 8 and insert a period in lieu thereof.

Page 8, strike out lines 3 through 8 and insert in lieu thereof the following:

"(c) An individual, other than a United States Citizen, who—

"(1) Has had a classified intelligence relationship to the United States within the last five years; and"

"(2) Has been, within the last five years, an agent or informant or source of operational assistance to, an intelligence agency."

EXTENSIONS OF REMARKS

STATUS OF MIDDLE EAST NEGOTIATIONS REGARDING THE WEST BANK AND GAZA

HON. LEE H. HAMILTON
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. HAMILTON. Mr. Speaker, I would like to bring to the attention of my colleagues testimony by Ambassador Sol M. Linowitz, Personal Representative of the President to the West Bank and Gaza Autonomy Negotiations.

Ambassador Linowitz's November 19, 1980 testimony on the progress in these negotiations is only the second public testimony devoted solely to this subject since these talks started some 18 months ago. His testimony offers a clear explanation of what has been accomplished, what problems remain and what he sees as the needs for the success of these talks to arrange a 5-year interim, full autonomy plan for the Palestinians of the West Bank and Gaza.

Ambassador Linowitz concludes that significant progress has been achieved and that these negotiations and the Camp David Accords offer the only viable path toward a comprehensive peace in the Middle East.

Ambassador Linowitz is to be commended for his painstaking efforts to further these negotiations over the last year. While a final agreement has not been reached, progress has occurred. Our Nation and the peoples of the Middle East should be indebted to him and his colleagues for their efforts. It is hoped that what has been accomplished will form a basis for further progress in the coming months under the new administration.

The testimony of Ambassador Linowitz follows:

STATEMENT OF AMBASSADOR SOL M. LINOWITZ

Mr. Chairman, members of the Committee, I greatly appreciate this opportunity to appear before you in order to discuss the present status of the autonomy negotiations for the West Bank and Gaza and the general progress we have made in the Middle East peace process since the signing of the Camp David Accords a little over two years ago. With the election behind us, and with the transition from one Administration to the next now underway, this is a particularly appropriate moment to assess where we are and to focus on the challenges and opportunities ahead.

As you know, the Camp David Accords established a Framework for Peace which Egypt, Israel and the United States hoped would make possible the achievement of a just, lasting and comprehensive peace in the Middle East. To try to make this dream a reality, the Framework set forth three basic goals: First, the achievement of peace and a constructive working relationship between Egypt and Israel; second, the establishment of transitional arrangements for a five-year period in the West Bank and Gaza which would provide the inhabitants of these areas with "full autonomy" while assuring preservation of Israel's security; and third, the commencement of negotiations among Egypt, Israel, Jordan, and elected representatives of the inhabitants of the West Bank and Gaza to resolve the final status of these territories following the five-year transitional period.

During the past year, I have served as the President's Personal Representative to the autonomy negotiations and I shall want to discuss with you where they stand today and their prospects for the future. Before doing so, however, I want to focus on the extraordinary and deeply gratifying success achieved with respect to the first goal of the Camp David Framework, the peace between Egypt and Israel. For this is and must be the cornerstone of our efforts to help bring a broader peace to the Middle East.

On March 26, 1979, Egypt and Israel signed a treaty of peace. This treaty, let me remind you, marked a peace without victor or vanquished, entered into by two nations determined to reject a legacy of hostility and warfare. Since then, both Egypt and Israel have scrupulously adhered to their commitments under the treaty. Thus Israel turned over to Egypt on schedule not only the major portion of the Sinai, but also the Alma Oil Fields, despite the immense burdens that the loss of this oil imposes on the Israeli economy. For its part, Egypt has proceeded diligently to normalize its relations with Israel in the face of strong, even fierce reaction of its Arab neighbors and former allies. Embassies have been opened and Ambassadors exchanged. Today the flag of Israel flies in Egypt and the flag of Egypt in Israel.

Even more important than these tangible achievements, however, is the achievement in spirit. Today an atmosphere of cooperation and trust prevails where only bitterness and hatred and suspicion once reigned. Every time I sit down with President Sadat and Prime Minister Begin and with my colleagues in the autonomy negotiations, I am reminded that these shifts in attitude are deep and genuine and reflect the steadily evolving attitudes of their peoples. Over the past year, I have watched the mutual trust and confidence grow—slowly but steadily. This was vividly evidenced by the historic welcome that the President of Israel, Yitzhak Navon, received just three weeks ago when he paid the first official Israeli state visit to Egypt. My frequent travels to both Egypt and Israel during this past year have convinced me that both nations have set their feet firmly on the road to peace, both understand there can be no turning back, and both are determined that there will be no turning back.

Against this backdrop, I want to move to the autonomy negotiations in which we have been engaged as a "full partner" with Egypt and Israel during the last 18 months. The Camp David Accords call upon the parties to devise transitional arrangements which would provide full autonomy to the inhabitants of the West Bank and Gaza and permit them to elect a self-governing authority. The Accords call for the parties to define "full autonomy" by negotiation of the powers and responsibilities that the elected body would exercise during the transitional period. They also call for the autonomy agreement to include arrangements for ensuring internal and external security and public order during this transitional period. In sum, and in the words of the Accords, the transitional arrangements are to give "due consideration both to the principle of self-government by the inhabitants of these territories and to the legitimate security concerns of the parties involved."

No one at Camp David in 1978 believed that the negotiation of these matters would be easy. The issues are exceedingly complex; they are extraordinarily emotion-laden for the parties; and they could involve matters of life and death, of war and peace. Accordingly, throughout the negotiation process, all three partners have had to ensure that the substantive issues were meticulously examined, and we have had to proceed with extreme care and with sensitivity to the legitimate concerns of both Israel and Egypt, as well as the Palestinians. Unfortunately, the negotiation process has been made even more difficult in recent months by a host of external and tangential disturbances and distractions which have diverted attention from the central issues under discussion. Such developments as violence on the West Bank, the seemingly endless stream of U.N. resolutions, and the various actions and statements bearing on the status of Jerusalem have interfered with and even interrupted our efforts to focus on the complex and critical substantive issues.

But despite the frustrations and disappointments, I am gratified to be able to tell you that we have made considerable progress in the autonomy negotiations during the past year; and I remain hopeful that a continued and sustained effort to achieve an autonomy agreement as called for by the Camp David Accords can be successful in the months ahead.

The progress made has included agreement on a large range of powers and responsibilities to be exercised by the elected self-governing authority, and the modalities for the free election pursuant to which the members of the self-governing authority would be chosen. And in recent days we have been focusing on five critical and decisive issues which the autonomy negotiations must resolve if we are to reach agreement:

1. How can Israel be assured that its security interests will be fully preserved and protected under the autonomy arrangement?

2. How can we assure that the limited water resources of the region will be fairly and equitably shared?

3. How should we deal with the public lands in the West Bank and Gaza during the transitional period, and how should such an arrangement bear on Israeli settlements in these areas?

4. What should be the nature of the powers exercised by the self-governing authority, recognizing that the autonomy arrangements are transitional and that the final status of the territories will have to be determined by agreement among Israel, Egypt, Jordan, and the Palestinians?

5. Should the Arab inhabitants of East Jerusalem participate in the elections for the self-governing authority?

During the past few months, working both bilaterally and trilaterally, with Israel and Egypt, we have been able to help the parties make significant progress on several of these fundamental issues. Specifically, Israel and Egypt have narrowed their differ-

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

ences on the key issues of land and water. In addition, our work during the past months indicates that the parties are far closer on the vital issue of security than many had thought. We have also begun, I believe, to narrow differences on the nature of the powers that the self-governing authority should appropriately exercise during the transitional period. In sum, through their serious and constructive efforts over the past months, Israel and Egypt have begun to bridge their differences on even the most critical, complex, and emotional issues.

In early September, President Sadat and Prime Minister Begin authorized me to release a joint statement on their behalf. In that statement, they affirmed that Egypt and Israel "remain firmly committed to the Camp David Accords and process and are convinced that they offer the only viable path toward comprehensive peace in the Middle East." Both emphasized their determination "to see the process through to a successful conclusion regardless of temporary difficulties that may arise along the way." Last week, during his visit to the United States, Prime Minister Begin reasserted this determination.

The reaffirmation of commitment by President Sadat and Prime Minister Begin is of immense importance. It is premised on their confidence that despite the disagreements, frustrations, and enormous difficulties of the negotiations, the Camp David approach remains essentially sound. To their vote of confidence, I want to add my own. My experience during the course of these negotiations has convinced me more than ever that this approach remains both valid and promising.

Some have criticized the Camp David process for its failure to address immediately the ultimate questions: the final status of the West Bank and Gaza; the final arrangements regarding Jerusalem; and the permanent assurance of Israeli security. These critics, however, miss the central point. For it was the genius of the negotiators at Camp David to recognize that too many past efforts to achieve peace in the Middle East had failed precisely because they had grasped for too much too soon. They recognized that the issues in this region are so complex, the emotions so deep, the contending forces so many, the stakes so great, that the problems defy shortcut solutions. The wisdom of Camp David was to recognize this fact, to understand that bitterness dies hard while trust grows slowly, the key to Camp David was its recognition that the best hope for enduring peace lay in a phased process—one in which agreements attainable at one stage become building blocks for future progress on more difficult issues.

At no time during my involvement in these negotiations have I discovered any viable alternative course, and I have consistently sought the advice of leaders and experts in the Middle East, Europe, and the United States to ascertain if any alternative exists which would offer greater promise of success. The simple undeniable fact is that there is none. Not only is the Camp David process the only game in town; it is the only sensible approach at this time.

In closing, let me say that this is an appropriate occasion to underscore an important point well understood by the members of this Committee—that the foreign policy of the United States has been and remains a bipartisan matter and one where continuity is vital. Perhaps in no other area of the globe is the importance of such continuity and bipartisan commitment better evidenced than in the Middle East. The efforts of the Johnson Administration after the June 1967 war led to U.S. Resolution 242, which today remains the cornerstone for Middle East peace. The intensive shuttle diplomacy of Secretary Kissinger under both the Nixon and Ford Administrations enabled Israel and Egypt and Syria to take the first steps toward peace. And now President Carter's unprecedented efforts have brought about peace between Israel and her largest and most powerful Arab neighbor and established an ongoing negotiation process which, for the first time, places on the same agenda the rights of the Palestinians and security for Israel.

In all these developments, the United States has consistently and increasingly played an active and essential part. Our commitment to work actively and unceasingly to move closer to the comprehensive peace we seek is based on a number of factors, not the least of which is the unthinkable threat to world peace that a future conflagration in the vital Middle East region might present. Such a U.S. role in pursuit of peace advances our strategic interests while furthering our moral commitment to the peaceful resolution of disputes throughout the world. I know that President-elect Reagan joins President Carter in recognizing the importance of maintaining the continuum of our foreign policy and the vital role the United States must play in the search for peace in the Middle East.

Throughout the autonomy negotiations, the United States has sought to play an active and essential part as a "full partner." Indeed, as recently as two days ago, representatives of the three countries met in Cairo in furtherance of the negotiations. We have undertaken to act as a catalyst and a constructive spur to progress, and have tried to help both parties find common ground and narrow the differences between them. In doing so, I like to think that we have earned the trust and respect of both Egypt and Israel.

I believe that meaningful further progress can be made in the coming months if the United States remains resolute in its commitment to work intensively, tirelessly, and patiently for peace in the Middle East. That is both the challenge and the unique opportunity which will greet the incoming Administration. Egypt and Israel, and nations and people throughout the region and around the world, expect the U.S. to continue to respond to that challenge and that opportunity. I am confident that we will not fail them. The words of Theodore Roosevelt are truly relevant to our position in the Middle East today: "The United States does not have an option as to whether it will or will not play a great part on this issue. It must play a great part. The only question is whether we will play that part well or badly."●

DAVID E. BANT RETIRING FROM LINDEN COMMUNITY SCHOOLS

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. KILDEE. Mr. Speaker, on November 26, 1980, the community of Linden, Mich., will honor David E. Bant, who is retiring this year after 33 years of service with the Linden school system. Mr. Bant, a native of Calumet, Mich., and a World War II veteran, began work at Linden in 1948 as an industrial arts teacher. He coached track, football, basketball, and baseball, and he also drove a school bus in addition to his teaching duties in those early years at Linden. Mr. Bant was appointed high school principal in 1952. He has served the school system and his community as superintendent of schools since 1957—a record of service in the highest position that is matched by few educators in the Nation.

It is with pride that I bring this brief sketch of the distinguished career of David E. Bant to the attention of my colleagues in the Congress, and I join with the community of Linden in wishing Mr. Bant a happy and productive retirement.●

TASK FORCE PEARSON

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. PICKLE. Mr. Speaker, over the past few weeks I have been corresponding with one of my constituents, Col. Ralph Pearson, USA, retired, about an incident which occurred during World War II. In any war I think we all realize that many courageous acts of significance are performed but which become overlooked by time. Colonel Pearson has relayed such an occurrence to me, and I would like to share it with my colleagues in the Congress at this time.

The incident Colonel Pearson has related to me involved the largest collection of valuable art ever assembled in one place. The collection was put together for the German dictator Adolph Hitler. Strangely enough, the incident received wide publicity at the time, but the men involved have not ever been recognized for their valor and accomplishment, except for a mention in a five-volume history of World War II entitled "Enroute To The Redoubt," which was written by the officer in charge. That publicity resulted in many true reports, and some fictionalized reports, of what happened in Altaussee, Austria, during the closing days of World War II. But no report has ever told the complete story, according to Colonel Pearson.

Colonel Pearson states that Martin Bormann, Hitler's deputy, had written a letter to Gauleiter Elgruber instructing him to destroy the art collection. To carry out Bormann's command, 6 tons of bombs were brought in in boxes marked "Marble: Don't Drop."

The art collection itself was stored in a salt mine. The workers of the mine were instructed as to how to destroy the mine and were then told that they would be executed if they did not carry out the plan to destroy the mine and the art collection.

The miners balked, however, as the mine was their only means of employment. In fact, for five generations the mine had been in operation in Altaussee. They went to the top Nazi in

the area, Dr. Ernest Kaltenbrunner, Chief of the RSHA. Basically, they made a deal with Dr. Kaltenbrunner which would allow them to save the mine and the art collection in return for their finding Dr. Kaltenbrunner a safe hiding place.

This was accomplished when Kaltenbrunner stalled Gauleiter Eigruber with a fierce argument that it was better to "save their own skins" instead of carrying out the order to blow up the mine and the art collection.

On May 5, 1945, the miners removed the bombs from the mine through entrances unknown to S.S. guards at the mine. On May 8, 1945, the last day of the European front of World War II, Task Force Pearson arrived to seize the area. Until then, the miners did not know whether ultimately the allies or the Russians would occupy their area. Needless to say, the miners sweated it out until the Americans arrived.

At exactly midnight, May 12, 1945, a small group of men began an incredible 5-hour climb up a mountain to get Dr. Kaltenbrunner. The trip over glacial trails was led by Lt. G. R. Martinez of Kenmore, N.Y. Volunteers on the treacherous mission included Lt. A. Storkman, assistant patrol leader of Tacoma, Wash.; Sgt. Bertram Blauner of Manhattan, N.Y.; Sgt. Robert J. McLean of New York City; Cpl. Frank E. Vickery of Miami, Fla.; Pfc. Gus Crockett of Elton, La.; Pfc. George W. Griebenow of Edina, Minn.; Pfc. Marion W. Messrodt—home unknown; Pvt. Harry L. Buchanan of Lambertsville, N.J.; Pfc. Jessie Wilson, medic, of Bryant, Tex.; Pfc. James W. Scott—home unknown; Pvt. Nicholas A. Butenica—home unknown; and Pvt. Lester E. Caudill of Bevinsville, Ky. Sergeant—and later Lt.—Robert Matteson of Wisconsin and a CIC associate also played an important part in the raid, for which Matteson received just recognition.

The listing above is the first such listing of the men who made the heroic capture of Dr. Kaltenbrunner possible, thus playing a part in saving from destruction the art collection of Adolph Hitler. I commend these men for their courage and sacrifice for our country and the principles which have made her great.●

CHRISTIANS IN POLITICS—CRAIG

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. COLLINS of Texas. Mr. Speaker, in our recent national election there was much broader involvement. I was proud to see more people who have a dedicated belief in God participating in the campaign.

Down South most preachers were speaking out. They were emphasizing the great need for each person to study the issues and make a sound choice of his own.

I am a Baptist. We are a strongly independent faith. Each of our churches is a separate institution. Within each church we have wide differences in our views. But we do agree on the need for America to return to religion. We believe that every good citizen should be active in civic involvement.

One of the best sermons delivered in October was the splendid message of Dr. Earl Craig. Dr. Craig is the pastor of the rapidly growing Richardson Heights Baptist Church in Richardson, Tex.

You will be interested in some of the key sections of Dr. Craig's inspirational sermon:

Every segment of society is magnifying the things that separate, rather than things that unite. This polarization is dangerous as well as discouraging.

I was brought up to believe we are one nation under God. We are one nation regardless of those differences and united we'll stand but divided we'll fall.

Another way to be involved is to become informed. Knowledge of issues and candidates is essential, and I am convinced this morning that you ought to not let somebody else do your homework for you. Don't let somebody else's survey determine how you are going to vote.

First of all, God expects us to be involved and not isolated from politics. I base that on several things. Peter said, "Live as free men," and this means responsible involvement. We lose our freedom when we withdraw from the political scene. When Paul and Peter wrote these passages of scripture, they wrote them in the context of a government that was totalitarian. And those citizens did not have the options of involvement that you and I have. It is interesting that Jesus did not go about trying to subvert the government or overthrow the government. In fact he told them to be submissive to that government and consider those leaders to be appointed and instituted by God.

Study the issues and help elect Christian godly people. I am more concerned with whether a man is honest and will refuse to take a bribe than his personal views on ERA or abortion. I've got convictions on those controversial issues. There are differences of opinions shared by born-again Christians. I'd rather a man be honest to the core and vote different from me than to have a dishonest man agree with me.

Let's don't talk about "the good ole' days." These are the good ole' days. This country has more unlimited opportunity and challenge than it has ever had in its history. If there is a challenge today, it's the challenge of overcoming the public spotlighting of our problems and instead focusing the spotlight on all of the opportunities that are before us and asking God to give us ways to seize them. George Bernard Shaw said it best: "People sit around and blame their problems on their circumstances. I don't believe in circumstances. I believe that people that get on in this life are people who find opportunities in their circumstances and then make something of them."

If we are going to build our country, it isn't going to be by complaining and pointing out all of the problems. It will be through participation with energy, spirit and commitment. The same that our forefathers had.

Any of you who have studied anything about the history of civilizations know that the Greek civilization and the Roman civilization made the fatal mistake of glorying in their past rather than accepting the challenges of the future. This great nation of ours comprises only 6 percent of the population of the world and only 7 percent of the land of the world; yet we control 30 percent of the wealth of the world. We've reached all of this in just 200 years with a system that has been so blessed and honored of God.

We don't need a Christian political party. What we need is Christian involvement in both parties, faithfully executing the responsibility of being salt and light in that never ending pursuit of those goals of righteousness, justice, peace and morality.

I'm proud to be an American and I'm proud of a system that allows us to have this very place in which to worship. We've fed over half the earth, we've transplanted a human heart, we've walked on the face of the moon, we've helped make the entire earth safe from many diseases; all because we believe God had his hand upon us. God Bless America. May we pray!●

IN RECOGNITION OF U.S. SCIENTISTS

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. FUQUA. Mr. Speaker, The Committee on Science and Technology has today, for the second time in 2 years, scheduled activities which we hope will call deserved attention to the accomplishments of U.S. scientists as exemplified by the unprecedented number of Nobel Prizes won by them this year.

Selection to receive a Nobel Prize is the world's highest honor for scholarship in given fields and it is appropriate that we recognize the accomplishments of the distinguished individuals who have achieved such professional stature and brought such glory and pride to our Nation

The large number of U.S. winners of Nobel Prizes for 1980 makes the occasion for this year all the more important and significant. Of the 11 worldwide Nobel Prize winners in all disciplines for 1980, 8 are Americans. Of the nine in the sciences and economics, seven are Americans. The number of winners from any one nation in any one year has never been greater than for the United States this year.

The United States is properly proud of such achievements by its scholars and of this recognition of Nobel Prizes for them. At the same time, the Congress and other officials should heed the assessments for the future by these winners, as we have been able to do in our meetings with Nobel Laureates today.

PROGRAM WITH THE LAUREATES

Our day of activities involved 11 laureates from Nobel Prize selections of this and earlier years. It involved the many facets of Government and other scholarly activities in the Wash-

ington area. In the morning, President Carter honored the laureates and held discussions with them in the Oval Office of the White House.

Their activities at the Capitol started with a luncheon in the Rayburn Office Building. Other guests included leading science administrators in the Government and principal scholars from universities in the Washington area.

This was followed by a hearing on Outlooks From Nobel Prize Winners, which provided full opportunity for representative laureates from the several science fields to present their assessment of the status and forecasts for science in the United States and for the members to question them. The recently named 1980 Nobel Prize winners testifying were:

Dr. James Cronin of the University of Chicago and Dr. Val L. Fitch of Princeton University in physics; and Dr. Baruj Benacerraf of the Harvard University Medical School in medicine. The other U.S. winner in medicine for 1980, Dr. George Snell of the Jackson Laboratory in Bar Harbor, Maine, was unable to be with us. In chemistry, the witnesses were Nobel laureates from previous years: Dr. Hamilton O. Smith of Johns Hopkins University Medical School—1978 Prize—and Dr. Christian Anfinsen of the National Institutes of Health—1972 Prize. The United States 1980 winners in chemistry are Dr. Paul Berg of Stanford University and Dr. Walter Gilbert of Harvard University, neither of whom were able to be at the hearing.

Since such a large number of 1980 Nobel Prize winners are from the United States, the Swedish Ambassador, Count Wilhelm Wachmeister, and his staff played an active role in the events of the day. The Ambassador will be with the American recipients in Stockholm when they are presented their prizes by the King of Sweden on December 10. The Ambassador hosted the laureates in the evening at the Swedish Embassy, along with the heads of government agencies and presidents of local universities.

Other laureates who were present to be honored in the activities of the day were 1979 winners and earlier winners who are now in the Washington area. The 1979 winners were honored last year in a similar series of events, by subcommittees of the Committee on Science and Technology, but at that time they were in Stockholm receiving their prizes. Those 1979 winners present were: Dr. Sheldon L. Glashow and Dr. Steven Weinberg, both of Harvard University and both for the 1979 physics award; Dr. Allan N. Cormack of Tufts University for the 1979 medicine award; Dr. Marshall W. Nirenberg for the 1968 medicine award and Dr. Julius Axelrod for the 1970 medicine award, both from the National Institutes of Health; and Dr. Frederick C. Robbins, president of the Institute of Medicine for the 1954 medicine award.

SIGNIFICANCE OF THE SCIENCE AWARDS

I believe that the areas of research that lead to the 1980 Nobel awards in the sciences are of considerable interest to much of the public and some are of imminent usefulness for the health and betterment of our population.

The award in physics has helped to explain the cosmology of the universe in which we live. The universe is constituted of normal atoms, but in the big bang theory of the formation of the universe an equal number of opposite types of atoms, called antiparticles, were created. The results of the research of Drs. Cronin and Fitch helped to explain the paucity of antiparticles in the universe. They used a large particle accelerator operated by the Department of Energy in an arcane experiment on the decay of neutral K mesons.

The award in chemistry to Drs. Berg and Gilbert is part of the explosive progress in DNA and genes that has lead to the exciting present prospects in gene splicing. This offers the promise of generating human insulin, hormones, and interferon by growing them in bacteria in which human genes have been spliced.

The award in medicine to Drs. Benacerraf and Snell is for work in immunology that has helped in understanding both the body's ability to fight off diseases and techniques to make transplants of human organs that are not rejected by the body.

CONTINUED CONGRESSIONAL INDUCEMENT

My colleagues and I congratulate the U.S. winners of Nobel Prizes. We are proud to laud them in the festivities of today. It is my hope that we can continue each year to give such recognition of U.S Nobel Prizes. In this way we can also continue to obtain insights from such distinguished scientists.●

IL PROGRESSO'S 100TH ANNIVERSARY

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. RODINO. Mr. Speaker, I want to call my colleagues' attention to the 100th anniversary of one of our country's most prestigious newspapers—Il Progresso Italo-Americano.

For the past 100 years, Il Progresso has offered a quality Italian-language daily newspaper to families on the east coast of our country. I know that many of the homes in my congressional district and throughout the State of New Jersey are served by Il Progresso, but the importance of this newspaper transcends the mere communication of news. Il Progresso's value to our Nation is rooted in our tradition as a Nation of immigrants. For 100 years, Il Progresso has helped to keep alive the spirit and hope of Americans of Italian origin to make a home and become involved in American life without abandoning their ancestral heritage.

Il Progresso has been a vehicle for keeping the Italian culture a vibrant part of the millions of Italian American households. Through its coverage of ethnic events and its emphasis on family and community, Il Progresso has provided a lasting vehicle to transfer the Italian culture to America. This is the kind of contribution that has made our Nation strong.

Il Progresso has also helped Italian Americans to become informed about our country, its politics, and its social events. Many times, Il Progresso has been the only news source for Italian American families.

Mr. Speaker, I am proud of Il Progresso's role in the American tradition of free expression, and its contribution as a quality newspaper covering local, national, and international news.

I am also proud of my friendship with the publisher of Il Progresso, Mr. Fortune Pope. I know that Mr. Pope is dedicated to the publication of an ethnic newspaper that serves the needs of all American readers of Italian origin. Mr. Pope together with Il Progresso's editor, Mr. Frank Castelli, and all the staff, do an outstanding job.

I want to offer my congratulations to Il Progresso on this, its 100th anniversary, and wish it another successful 100 years.●

PAUL J. KLOCEK, EAGLE SCOUT

HON. ADAM BENJAMIN, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. BENJAMIN. Mr. Speaker, allow me to take this opportunity to ask my colleagues to join with me in commending and congratulating Paul J. Klocek, son of Paul and Marianne Klocek, Jr., of East Chicago, Ind., who is receiving the Eagle Rank for his outstanding record in Scouting on November 29.

The Eagle Rank is the highest award a young man can receive before his 18th birthday. Only 1 out of every 100 boys becomes an Eagle Scout. Many Eagle Scouts have gone on to become national leaders, such as President Gerald Ford.

Paul has distinguished himself as an outstanding Scout who is always willing to give of himself and his time—often many hours—to better serve his community and Scout troop. He has earned 31 merit badges and has contributed hundreds of hours to his community to accomplish this feat. He is described as someone who will always be there during times of need, as he demonstrated to the St. Stanislaus Parish Center when their water pipe system broke. Paul spent many feverish hours helping to clean out the lower building of the school. He conducted several projects which demon-

strated his leadership and perseverance for the parish. The sports room was improved and numerous windows for the sisters' convent were painted.

Paul will become the 51st Eagle Scout in Troop 7 of East Chicago, Ind. The distinguished troop is one of the oldest troops in the region, dating back to 1917. His accomplishments provide benchmarks from which we will continue to measure his success in the future.

I know my colleagues join with me to wish him even greater success in the future and to encourage the Klocek family to persevere in their inculcation of the values and attitudes cherished in a free and democratic society.●

CONGRESSMAN JOHN W. WYDLER

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 18, 1980

● Mr. SOLOMON. Mr. Speaker, it is with a sense of sadness I join with so many of my colleagues in honoring our distinguished colleague, JACK WYDLER, on his retirement.

JACK WYDLER is the dean of the New York Republican delegation, and he is one of the Members of Congress I most admire. Indeed, JOHN WYDLER is one Member who has had a true impact on national policy. As ranking minority member of the Committee on Science and Technology, JACK has had the courage and conviction to deal head on with the problems of nuclear energy, and has been instrumental in the development of this Nation's energy policies. As ranking member on the Intergovernmental Relations and Human Resources Subcommittee of the Government Operations Committee, JACK has played a key role in the continuation of the general revenue sharing program, which benefits every individual in this Nation.

As a freshman Member of this body, I deeply appreciate what JACK WYDLER has done to help me, and even more, I appreciate what he has done for our Nation in the past 18 years. The Congress is better for JACK WYDLER'S service, and I want to take this opportunity to wish JACK well on his retirement, and the best of success in whatever endeavors he might pursue.●

LEGAL SERVICES CORPORATION AUTHORIZATION

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. GARCIA. Mr. Speaker, I am concerned about the ongoing attempt by some Members to attach numerous restrictive amendments to Legal Services Corporation appropriations and reauthorization bills now pending before the Congress. Each of these amendments is flatly inconsistent with the basic principle, set forth in the Legal Services Corporation Act, "that there is a need to provide equal access to the system of justice in our Nation." 424 U.S.C. 2996(1). I urge my colleagues to oppose all such amendments.

I am especially concerned about an amendment to the Legal Services Corporation Act offered by Representative ASHBROOK. If enacted, this amendment would prohibit Legal Services programs from providing legal assistance with respect to any proceeding or litigation relating to the policies or administration of any elementary or secondary school system, or any institution of higher education. I urge my colleagues to oppose this amendment on behalf of the indigent students and their parents who often require legal assistance in a variety of education related matters.

The Ashbrook proposal is at war with the concept of "equal access to . . . justice" and well-settled values and policies. People who could afford counsel, but not poor people, could assert in proceedings and litigation Federal rights created by Congress, Federal constitutional guarantees, and the protections of State law. Furthermore, Congressman ASHBROOK proposes to exclude action in an area the importance of which has been repeatedly recognized by our last five Presidents.

Legal Services provides for poor children, when they are illegally kept from acquiring an education, the advocacy which has permitted many to gain access to the classroom—and to the opportunity to break the cycle of poverty. For handicapped children of impoverished parents, Legal Services has provided free advocacy to secure educational rights mandated by Congress; the Ashbrook amendment would bar the door to these children. For indigent children who literally could not afford to pay illegal fees charged by supposedly free public schools, Legal Services has provided the advocacy which struck down the fees and secured the right to a genuinely free education; the Ashbrook amendment would bar the door to these children. For educationally deprived children of poor parents, and Indians, and others for whom Congress has provided special needs funds, Legal Services has provided the free advocacy which has insured that Federal funds go only for educational services for the intended beneficiaries; the Ashbrook amendment would bar the door to these children.●

LEGAL SERVICES CORPORATION

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. RODINO. Mr. Speaker, H.R. 6386, the bill to reauthorize the Legal Services Corporation, may soon come before the House for action. I strongly support this measure and I urge my colleagues to oppose any amendments that would cripple the vital services this agency provides for so many of our Nation's disadvantaged citizens.

Foremost among the groups who would suffer from limitations on services now funded under the Legal Services Corporation are elderly Americans. I was therefore pleased to receive from the National Senior Citizens Law Center a statement in support of my position issued by the Leadership Council of Aging Organizations. For the information of my colleagues I ask that it be included in the RECORD.

The undersigned organizations urge you to oppose any efforts to amend the Legal Services Corporation Authorization bill (H.R. 6386) in such a way as to impose additional restrictions on legislative and administrative advocacy by recipients of Legal Services Corporation funds. Such an amendment has already been proposed by Representative Norman Shumway. Since the Shumway amendment would adversely affect the rights and interests of the elderly, we urge that it be defeated.

Currently, legal services organizations funded by LSC are restricted by statute from engaging in legislative and administrative advocacy unless such advocacy is necessary in connection with the representation of a client, is at the request of a legislator or governmental body, or relates directly to the corporation itself. Current law also requires that legal services clients be so poor as to be substantially without financial resources. In the present inflationary economy a very large percentage of such clients are elderly persons.

If passed, the Shumway amendment would preclude a member of Congress from calling on legal services staff for technical information. It would preclude assistance to a low-income group wishing to comment on proposed changes in a federal agency's regulations—such as those pertaining to SSI. On the local level, the amendment would prevent assistance to nursing home residents who are affected by a zoning change.

To totally deny the poor and the elderly—as well as women, disabled persons and minority groups—any form of representation in the manner proposed by Representative Shumway would be grossly unjust. It would also be inconsistent with the canons of ethics of the legal profession which direct attorneys to represent the interests of their clients in all appropriate forms. Under the circumstances, when H.R. 6386 is considered by the House of Representatives, we strongly urge that it be passed without the Shumway amendment.

LEADERSHIP COUNCIL OF AGING ORGANIZATIONS

American Association of Homes for the Aging

Asociacion Nacional Pro Personas Mayores

Association for Gerontology in Higher Education

Concerned Seniors for Better Government
National Consumer Cooperative Bank
Gerontological Society
Gray Panthers
Legal Research & Services for the Elderly
National Association of Area Agencies on Aging
National Association of Mature People
National Association of Retired Federal Employees
National Association of State Units on Aging
National Association of Nutrition and Aging Services Programs
National Center/Caucus on the Black Aged
National Council on Aging
National Council of Senior Citizens
National Indian Council on the Aging
National Retired Teachers Association-American Association of Retired Persons
National Senior Citizens Law Center
United Auto Workers/Retired Membership Department
Urban Elderly Coalition
Western Gerontological Society.●

ST. SAVA SERBIAN ORTHODOX CHURCH OF HOBART, IND.

HON. ADAM BENJAMIN, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. BENJAMIN. Mr. Speaker, it is my privilege and honor to again congratulate the congregation of the St. Sava Serbian Orthodox Church in Hobart, Ind., on another anniversary—its 66th.

Seven industrious individuals from the Gary Serbian community organized plans for a church and school in February 1910. Their efforts and the conscientious participation of others from the community established a school in 1911. By February 1914, the St. Sava Serbian Orthodox Church was organized. A temporary building was secured on 13th and Massachusetts in Gary a year later and services were initiated by Rev. Pavle Veljkov.

The construction of a new church on 13th and Connecticut was completed in 1938. A tragic fire destroyed the building in 1978. Consequently, an altar was immediately constructed in the St. Sava Serbian Hall in Hobart and services continued without interruption, a credit to the unshakeable strength and faith of the Serbian congregation who now plan to build a new church on 140 acres of recently purchased land. During the past year, the dedicated and devoted congregation paid off the mortgage on the land.

The church is presently under the leadership of the Very Reverend Father John Todorovich. His congregation of over 700 Serbian-Americans uphold the compassionate doctrine of the church in preserving and perpetuating the Serbian Orthodox Christian faith and maintaining the strong moral character of the Serbian community.

The congregation comes from a long line of immigrants who have worked very hard to preserve their ethnicity. They have long been acclaimed for their contribution to American industrial development, particularly in the mining, steel, and construction industries. They are proud of their Serbian heritage and culture which embraces the ideals and principles of freedom and democracy—an indelible and unbreachable bond with their American tradition.

The St. Sava Orthodox Church is presently preparing for its celebration of the Christmas season. Activities are being conducted and the burning of the Yule log, a long-standing Serbian tradition, will occur on January 6. Andrej Karageorgevich, a Yugoslavian prince in exile, will join the members of the church in celebration of their 66th anniversary on Sunday, November 23. Andrej is the brother of the late King Peter II of Yugoslavia who died in exile in 1970 and was buried in St. Sava Monastery in Libertyville, Ill.

I am extremely fortunate to share respect and friendship with these Americans who believe strongly in their families, church, and our form of democracy. It is my sincerest hope that in the coming years the church and its congregation will continue to grow and maintain its position of community and moral leadership.

I ask my fellow colleagues to join me in a warm message of congratulations to Father Todorovich and the St. Sava Serbian Orthodox Church on its 66th anniversary. May we all pay tribute to this group of hardworking Serbian-Americans who have served as the backbone of northwest Indiana and have been an integral and extremely important part of our Nation's development.●

DOROTHEA deSCHWEINITZ

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. RITTER. Mr. Speaker, it was with regret that I learned of the recent death of Dorothea deSchweinitz, who was a native of Nazareth and Bethlehem, Pa., in the district that I represent.

A very special woman, Miss deSchweinitz worked hard in a number of important civic projects, most notably in the cause of historic preservation. As a member of the Housing and Community Development Subcommittee of the House Banking Committee and as a firm believer in preserving the architectural achievements of our past, I insert here the obituary from the Washington Star which outlines her life.

DOROTHEA deSCHWEINITZ, GEORGETOWN WORKER, DIES

Dorothea deSchweinitz, 89, who for many years was active in historic preservation in Georgetown, died yesterday in Alexandria Hospital after a stroke. She lived in Georgetown for more than 30 years before moving to Washington House on Fillmore Avenue in Alexandria in 1975

Miss deSchweinitz was president of the National Vocational Guidance Association in 1925 and was one of the first three women to be regional directors of the National Labor Relations Board.

After retirement she became interested in the preservation of historic buildings in Georgetown and was a leader in working for the passage of the Old Georgetown Act of 1950. She also was one of the incorporators of Historic Georgetown Inc., which is credited with saving from demolition the buildings now called the Thomas Sim Lee Corner at 30th and M streets in Georgetown.

Miss deSchweinitz was born in Nazareth, Pa. She was graduated from Smith College in 1912 and received a master's degree in economics from Columbia University. She was in vocational guidance work for 20 years and in employer-labor relations for 20 years.

Miss deSchweinitz helped develop a junior employment service in Philadelphia through which the board of public education assisted young people who left school to go to work.

She also helped develop a demonstration employment service for the Philadelphia office of the Pennsylvania State Employment Service. During World War II she worked for the War Production Board, participating in the program for labor management committees on productivity and quality of work life.

In 1974, Miss deSchweinitz received the Smith College Medal for her career work and for services to the college.

Miss deSchweinitz wrote a number of books, including "How Workers Find Jobs," a study of 4,000 hosiery workers in Philadelphia; "Occupations in Retail Stores"; "Labor and Management in a Common Enterprise"; and "Labor Management Consultation in the Factory—the Experience of Sweden, England and the Federal Republic of Germany."

She leaves a sister, Mrs. Daniel Darrow of Kansas City, Kan.

A memorial service will be held at a later date.●

THE FUTURE OF OCS DEVELOPMENT

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. FORSYTHE. Mr. Speaker, recent analyses of the impact of the Iran-Iraqi war on the world oil market further underscores the need for the United States to push exploration and development of domestic oil and gas resources. The Federal Government controls about one-third of all the land in this country and all of the Outer Continental Shelf beyond State jurisdiction. Government studies indicate that these lands contain up to 37 percent of our undiscovered oil resources. Yet, to date, approximately one-third of all onshore public lands and less than 5 percent of the Outer Continental Shelf have been opened for energy resource development. Because of the instability of world oil supplies, we simply can no longer afford to prevent access to these lands and the energy resources they contain.

In this regard, I would like to commend to the attention of my col-

leagues, the following article by S. Lawrence Paulson which appeared in the November 17, 1980, issue of the Oil Daily:

REPUBLICAN GAINS PLEASE OCS EXPLORATION BACKERS ON HILL

Congressional Outer Continental Shelf experts are heartened by President-elect Ronald Reagan's announced intention to spur oil and gas production on the OCS.

But they're worried that without innovative leadership in key policy areas at the Interior Department and elsewhere, the new administration will simply repeat the mistakes of the Carter years.

"The Carter administration will tell you that they leased more OCS lands than anyone else—and they'd be right," one OCS source noted. "But that means nothing. What matters is the conditions under which you lease, where you lease, where you draw the lines."

A blueprint for an innovative OCS policy that the Reagan administration might want to embrace, some congressional sources note, is contained in a joint resolution introduced by House and Senate Republicans in June of this year.

The resolution, whose principal author is Rep. Edwin Forsythe, R-N.J., has languished in relative obscurity. But it may finally begin to attract attention now that production-oriented energy policies appear to be in the ascendency.

The resolution advocates the following OCS policies:

Entire OCS provinces should be offered for nomination, with such provinces serving as the basis for environmental studies.

Deep water OCS areas in the Gulf of Mexico and Atlantic and areas of unusually difficult drilling conditions should be leased in large economic units.

OCS areas of high potential and unusually difficult drilling conditions, such as the Chuckchi Sea, the Beaufort Sea and deep water areas of the Atlantic should be leased under a bonus royalty and work commitment bidding system, and such leases should involve step-by-step engineering and environmental studies.

Offering entire provinces for nomination (and doing one environmental impact statement for the whole area), some OCS experts claim, would greatly increase the chances of holding sales in areas where there actually is oil and gas.

The location of the sales would be determined by the number of nominations, and the way different companies grade their nominations. After drilling has begun, further sales should be held in the area either quarterly or every six months.

Advocates of this procedure stress two points: that all this can be accomplished with current federal authority and that it can be done without actually increasing the amount of acreage offered any particular sale.

They also note that the resolution calls on the president to order federal officials "to eliminate administrative requirements, activities and decisions that are not specifically required by or pursuant to federal statute or court order and that impede or delay leasing of oil, gas and geothermal resources on the OCS," and note that such a presidential order could be usefully applied to onshore leasing as well.

The fate of this quality-not-quantity approach to leasing on federal lands hinges on the personal decisions Reagan makes in the coming months, the congressional sources note.

Dead, dead, dead. That's the status of a lot of energy bills left over from before the election. There may be a glimmer of hope for some sort of superfund bill if, as Sen. Russell Long suggested, the Senate decides to accept the far less ambitious House legislation.

But there seems little chance for a number of other leftovers, including the oil backout bill, which passed the Senate but never got much support in the House.

Other bills that lawmakers won't bother kicking around during the lame duck session probably include Georges Bank protection legislation, tar sands and oil shale leasing bills, the coal slurry pipeline bill and the ill-fated Energy Mobilization Board proposal.

In fact, except for the work that remains to be done on the Interior appropriations bill, the passage last week of the Alaska lands bill may have just about wrapped up Congress' energy work this year.●

A FEW IMPRESSIONS OF THE ELECTION

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington report for Wednesday, November 19, 1980, into the CONGRESSIONAL RECORD:

A FEW IMPRESSIONS OF THE ELECTION

As soon as an election ends, the interpretation of the results begins. For what it is worth, this politician adds a few impressions of his own.

The 1980 election gave the country the strongest turn to the right in a generation. The major question is whether it signifies as well the beginning of a new era of conservatism. One election does not mark a fundamental realinement of political power. Such a realinement will probably hinge on whether the Republicans successfully implement their policies and achieve their goals, principally their economic ones.

It may be that the election was a broad mandate for a particular ideology or social agenda, but it is still too early to be certain because the election was also a repudiation of the Carter record. Everywhere I went, I encountered confusion about the direction of President Carter's leadership and doubt about his competence. The 1980 results were uniquely tied to Mr. Carter's economic performance. Public dissatisfaction with the economy surely hurt him more than any other single issue. Voters were also concerned about America's posture in the world. They wanted a tougher foreign policy, especially in dealing with the Soviet Union. In short, voters had a sense of American impotence abroad and deep frustration with the economy at home. They were demanding better economic and international initiatives. In a way, Mr. Carter lost the election even more than Governor Reagan won it.

My sense is that the people were voting on a pragmatic, rather than ideological, basis. The explanation most frequently cited to me for a vote for Mr. Reagan and the Republicans was simply: "It is time for a change." Voters were rebelling against a government out of control, against decades of federal programs that had become so complex—and to many voters, at least, so ridiculous—that the time had come to call a halt. Repeatedly, voters said to me that they felt grand federal ideas to help people had gone awry by the time they reached the local communities. Whether it was the automobile mechanic disengaging an emission-control device, or the older person with crippled hands who could not open the child-proof drug container mandated by Washington, or the workers breathing clean air as they walked by the closed steel mill, voters had had enough. In the 1980 election more than in most elections, the people were saying to us that they wanted real changes in policy. They were saying to us: "Come up with some new ideas."

In retrospect, I am a little amazed that the election was as close as it apparently was until the final 48 hours. In the end, however, the election became what the Carter camp did not want it to become: a referendum on unhappiness. Even though Mr. Carter had sought a debate with Mr. Reagan throughout the campaign, and even though the debate was a critical turning point for Mr. Reagan, the seeds of Mr. Carter's defeat were sown long before in his staff problems, his difficult relations with Congress, the American hostages in Iran, Congressman Anderson's independent challenge, the hard-fought primary against Senator Kennedy, and the gasoline lines.

Mr. Reagan must be given much credit, too. Throughout the campaign he maintained his good disposition, even his humor. He did not follow the path of ideological purity, but enlarged his base by supporting federal assistance for Chrysler, New York City, and the farmers. Mr. Reagan sounded the theme for his campaign with the telling question: "Are you better off now than you were four years ago?" It was a lethal way of pointing out Mr. Carter's failures.

For me, and perhaps for most of the country, the election was a shock. I had expected a close election. Indeed, I was prepared to wait until Wednesday morning for the announcement of a winner. Mr. Carter not only lost the popular vote by 51 per cent to 41 per cent and the electoral college vote by a staggering 489 to 49, but his party suffered its worst defeat in 28 years. The Reagan sweep was wide and deep. It penetrated right down to the level of the county court house. Mr. Reagan carried every section of the country, reversing the trend toward ticket-splitting that had characterized recent presidential elections. He dismembered the old Democratic coalition, winning the Jewish, ethnic, Catholic, and blue-collar voters, all of whom had been traditionally Democratic.

The Republicans picked up four governorships, reducing the Democrats' previous dominance to 27-23. They also made significant gains in state legislatures, with the net addition of 189 seats across the country. The Republicans now have the effective lever of the veto in the redistricting process in 32 states because they control at least one house of the legislature or the governor's office in those states. In Congress, the Republicans gained half of the 59 seats they needed to win a majority in the House. Moreover, they took control of the Senate, 53-47, with 15 new members. The terms of 20 Democrats and only 12 Republicans expire in the Senate in 1982, giving the Republicans a chance to strengthen their hold on that body.

So the future looks bright for the Republicans. They emerge from the election unified; the Democratic Party is wounded and splintered. The election creates a splendid opportunity for the Republicans to fashion a lasting majority based on performance in office. They have won big, but the report card on their performance will come in fast.●

CANCER: A DREAD DISEASE WE BRING ON OURSELVES

HON. DALE E. KILDEE
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. KILDEE. Mr. Speaker, I wish to bring to the attention of my colleagues an excellent article published by the Flint (Mich.) Journal on the subject of cancer. The article was written by Michael E. Bennett, who is president of UAW Local 326 near Flint, in the Seventh Congressional District. Mr. Bennett is a Vietnam veteran and a former Flint policeman and Genesee County sheriff's deputy. As president of the UAW local representing employees of a Fisher Body plant, he has been concerned with a possible link between higher than normal cancer deaths among the plant's retirees and on their working conditions. His studies have brought the matter to the attention of Michigan health authorities and the General Motors Corp., and the situation now is under investigation. Mr. Bennett's article, headlined as "Cancer: A Dread Disease We Bring On Ourselves," follows:

In the classic educational television series "The Ascent of Man," Jacob Bronowski begins by boldly declaring that man is a singular creature who "is not a figure in the landscape" but "is a shaper of the landscape." Within this profound statement rests, I believe, the inherent understanding that with the destiny of shaping that landscape goes the responsibility of assuring future generations the prosperity of a world as environmentally pure or at least as near perfect as the one we ourselves have inherited.

The legacy of those future generations rests to a great extent on the everyday decisions we take for granted within the legislative and corporate halls of our society. There, among the political and financial special interest groups, are those whose influenced judgment will ultimately have impact on the everyday lives of each and every one of us living today and, more importantly, on those who will follow.

In a recent Surgeon General's Report there has been cited a "major and growing public health problem" with toxic chemicals seeping into our environment that will plague our nation for years to come and which will become manifest as time passes. This report of impending danger claims that toxic chemicals are adding to the disease burden of the United States in a significant ill-defined way. These hazardous chemicals and pesticides are so long lasting and so pervasive in the environment that virtually the entire human population of the nation, and indeed the world, carries some body burden of one of several of these toxic substances.

Within our own state virtually all residents of Michigan carry within them a quantity of PBB (polybrominated biphenyl) as the end result of one man's mistaken judgment to mix a fire retardant with cattle feed and place into our food chain a substance whose consequences are yet to be determined.

Results recently published in The Journal Of The American Medical Association raised health questions for over 250,000 soldiers who were ordered to participate in nuclear tests in the 1950s. As the study indicates, researchers have found excessive numbers of leukemia cases among 3,200 soldiers exposed to low levels of radiation during a 1957 Nevada nuclear bomb test.

In a war halfway around the world, thousands of Vietnam veterans were knowingly exposed to a defoliant containing Dioxin which is suspected of causing many serious health problems including cancer and birth defects in their children. The Environmental Protection Agency has now located over 181,000 toxic chemical "lagoons" created by industrial companies and municipal agencies across the country. These dumps pose a serious threat to the drinking water of millions of Americans who draw their water from beneath the land's surface.

From the poisoning of Love Canal to a recent indiscriminate spraying of defoliants by Consumers Power only a few feet from our homes, there continues to be far too many critical decisions made without so much as a moral afterthought of the consequences.

Today there are nearly 45,000 chemicals in commercial use with well over a thousand new compounds introduced annually. To date only a very small number of the total have been positively identified as cancer-causing agents (carcinogens), 26 to be exact. For the most part, the bulk of these substances and their effects on the human body have yet to be determined, and with an industry that insists on selectively researching toxic substances under bias conditions, there is little hope for accurate information without legislated reforms.

Technology today has led to the creation of man's own self-made 20th century plague—cancer. The word itself strikes fear in every heart which knows its meaning. At the turn of the century cancer ranked eighth among the 10 leading causes of death, accounting for less than 4 percent of all U.S. deaths. Today one in every four deaths is cancer-related, and cancer accounts for 20 percent of all U.S. deaths. Cancer now ranks second on the list of the 10 most common causes of death and claims nearly 400,000 lives annually. I find it difficult to imagine anyone not wanting all-out war waged against this terrible disease, but there are such individuals as there are such institutions.

The human body consists of trillions of singular cells, and is the evolutionary product of an omnipresent and omnipotent creative force. Within each cell lies the chemical blueprint for reproduction of itself and thereby the propagation of the species. Each cell carries the chromosomes of our heritage. We are the product of an unending chain into the past. We are the present link into the future! Cancer is the disease that dissolves that link.

Cancer manifests itself with a single, yet-to-be-found, identifiable event within a single cell. Once an abnormal cell is formed, it divides to form other abnormal cells. A cancer is this rapid growth of a particular group of cells. It can develop at any point within our lives. It does not differentiate on which cell it attacks. It is truly indiscriminate.

Since 1970, it has been generally accepted that the vast majority of all cancer is caused by chemicals and environmental factors. The introduction of those substances to the body comes from what we touch, breathe, eat or drink. The World Health Organization of the United Nations now flatly claims 85 to 90 percent of all cancers are preventable. To prevent cancer we must arm ourselves with the knowledge of the disease and the effects it will have on ourselves, our future, and our society.●

WORLD BANK AID TO PHILIPPINES: OBSTACLE TO DEVELOPMENT

HON. RICHARD NOLAN
OF MINNESOTA
IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. NOLAN. Mr. Speaker, the Institute for Food and Development Policy recently published a book entitled "Aid as Obstacle," which reveals numerous instances where U.S. foreign aid is hurting the very people it is designed to help. The institute is not alone in suggesting that U.S. foreign aid may be an obstacle to development. A recent article on the World Bank's aid to the Philippines, for example, also suggests that such assistance has served as an obstacle to development.

The article follows:

WEST GERMAN MISSION LAMBASTS CONTROVERSIAL WORLD BANK-FUNDED PROJECTS

(By Walden Bello, CTF)

Two controversial World Bank-funded urban development projects were the target of an unusually harsh confidential evaluation recently issued by a West German mission studying the prospects of bilateral assistance to the Philippines.

The first project, known as Urban Development I, involves the "upgrading" of an urban-poor community in the Tondo Foreshore area of Manila and the relocation of more than 2000 families to provide space for the expansion of international port facilities. The other, Urban Development II, involves the creation of a "low-cost" residential area for Metro-Manila families in the nearby community of Dagat-Dagatan. Both are backed by World Bank loans totalling $64 million.

The blistering report, a copy of which was provided to the Congress Task Force (CTF), is likely to add fuel to the controversy surrounding the role of the World Bank in Philippine development. A critical spotlight has been on the Bank ever since last April 24, when Macli-ing Dulag, leader of the tribal opposition to the World Bank-supported Chico River Dam Project, was shot to death by government security forces.

AUTHORITIES VERSUS PEOPLE

The evaluation, authored by urban expert Dieter Oberndorfer, attributes the slow progress in Urban Development I principally to "the lack or almost total absence of genuine cooperation and communication between the implementing authorities and the squatters." Baranggay or ward officials, who are supposed to serve as a liaison between development authorities and the residents, are described as having "a high degree of carelessness for the lot of the people affected by the various upgrading measures." These officials, the report continues, "consider themselves to be implementing agents of the authorities and only to a very limited degree as representatives of the people."

The German government assessment contrasts sharply with recent World Bank statements on the status of the upgrading-and-resettlement scheme. In a presentation to the World Bank Board of Directors on December 20, 1978, the Urban Division claimed that the project "which many of you remember as being embroiled in controversy, is now—with the results so clearly visible—widely regarded as a singular success. It is especially so by the residents of

the area." A more recent Bank assessment claims, "the streets are paved and clean, and gardens are being planted. The earlier atmosphere of tension has disappeared."

Controversy over the project flared initially in the mid-seventies, when residents took to the streets to protest the relocation plans. In response, the government carried out mass arrests and hunted down leaders of Zoto-Ugnayan, the militant organization of urban poor that spearheaded the resistance. Events came to a climax with the arrest and torture of Zoto leader Trinidad Herrera in April 1977. The ensuing international controversy kicked up by the event resulted in a showcase trial of two of Herrera's captors, who were promptly declared innocent by a military court which concluded that Herrera had inflicted torture marks on herself.

LOW-COST HOUSING PROJECTS

The authoritarian manner of implementing the project was not the only aspect subjected to withering criticism by the German mission. Also sharply disputed was the World Bank's claim that the rentals for upgraded lots in Urban Development I could be afforded by 75 to 85 percent of Tondo households. On the contrary, the report claims, in an area where official statistics show that no less than 38 percent of households live below non-starvation levels, 60 to 70 percent of the affected households will not be able to afford rents. It notes that under the terms of Presidential Decree 1314, families can be evicted from their sites after three months of non-payment.

Urban Development II, which involves the creation of 8600 plots in the community of Dagat-Dagatan which will be made available to low-income residents of Metro-Manila as a whole, comes under fire on the same grounds. The German mission assessment exhibits astonishment at the World Bank estimate that 90 percent of the Metro-Manila population will be able to afford the 48 to 60 square meter lots planned by the authorities. Its own estimates reveal that rentals can be afforded only by "families which earn more than 70 percent of families in Metro-Manila. It is questionable whether this group, the upper 30 percent of the Metro-Manila population should be accommodated in a so-called 'low-cost housing project' for the urban poor, a project which will be heavily subsidized by public funds and foreign loans."

The German government report is especially critical of the Bank's methods of gathering and employing income-distribution statistics on which the projects are based: "It seems that the income data on Metro-Manila for 1979 used by . . . the World Bank are extremely inaccurate for the lower 50 percent of the population." Indeed, it claims that "the source of the World Bank data on the Metro-Manila income structure for 1979 could not be found."

The Oberndorfer report reserves its harshest comments for the plan under Urban Development II to distribute lots through a public lottery announced in the media. This system of selection, warns the report, "will have high negative social side effects . . . The urban poor will be placed into an environment in which they cannot rely on the help of friends and relatives. They will not be embedded in a familiar social fabric in which traditional norms will regulate life. Numerous examples show the disastrous social consequences of socially amorphous housing project based on a western individualistic philosophy alien to most underdeveloped countries."

THE BANK RESPONSE

The German government criticism of the Bank projects has reportedly caused more confusion and demoralization among Bank staffers supervising an effort already plagued by political conflict, time overruns, and cost overruns.

Contacted for comment by the CTF, one middle-level Bank officer responded, "We have no wish to say anything at the moment about a report that contains inaccuracies." However, an internally circulated Bank response authored by Anthony Churchill, director of the Urban Division, contains a number of damaging admissions. On the role of Baranggay officials, Churchill concedes that "many baránggay chairmen were confused in the beginning stage of the project and in some cases pushed more expensive options over ones cheaper to baranggay residents."

On the issue of the affordability of lots to the urban poor, he states: "We agree with Mr. Oberndorfer that the government's provision of shelter to the urban poor in Manila with which the Bank has been associated benefited fewer people than ultimately need assistance and cannot necessarily reach the very poorest segments of society." The reason for this, he claims, is that "a policy of housing subsidy for the poor which does not contain a repayment element, requiring comparable repayments among residents of a given new or upgraded settlement would, we believe, eventually both be unworkable and socially deceptive in the communities to which it is directed."

FROM OVERT PROTEST TO GUERRILLA TACTICS

The frustration of Bank officials is understandable. As of late 1979—more than four years after the launching of Urban Development I—only 25 percent of "reblocking," the process of physically preparing and dividing plots, has been completed. A World Bank mission in late 1979 registered its frustration at the fact that for most of that year, "no significant progress has been achieved" and that "practically all the contracts under the project have had serious overruns."

From overt physical resistance and protest in 1975-1976, community opposition has apparently shifted to more indirect and subtle, but seemingly effective ways of emasculating the project. The consternation of the Bank over the fabian, guerrilla tactics of Zoto-Ugnayan is evident in a confidential Bank memorandum. On the one hand, it asserts, "as far as Bank staff are concerned, relations with all community groups, including Zoto-Ugnayan have been good; during one of the missions Zoto even referred to the Bank as its 'hero'." On the other hand, it notes that "the exact position towards the Project of some of the more radical groups within the area such as Zoto-Ugnayan is unclear at this time. They seem supportive when Bank missions discuss the project with them but on other occasions, they are alleged . . . to be lobbying against the project."

Threatened by two big bureaucracies, the Bank and the Marcos government, Zoto-Ugnayan has apparently resorted to the time-honored tactic of divide-and-conquer. By demanding alternative, cheaper reblocking plans and closer community consultation at each stage of the upgrading effort, the organization has been able to sow division between the more liberal Bank staff and hardline government authorities. Zoto-Ugnayan has apparently been able to persuade the Bank of the need for closer and freer community consultation, but, as the Bank memo reveals, "the issue is made more difficult because the National Housing Authority considers Zoto-Ugnayan to be anti-government and does not want to enhance their credibility in the community."

TOWARD URBAN III

To what extent such methods on the part of a resourceful community organization can hamstring Bank bureaucracy and government now anxious to show some results for their money and efforts remains to be seen.

Whether the Bank has derived any positive lessons from experience in Tondo is doubtful. For based on the alleged success of the Tondo projects, the government and the Bank are now cooperating in launching the Third Urban Development Project, which will finance upgrading in 13 urban poor communities in Metro-Manila. "The time is now ripe," claims the project proposal, "to expand the [Tondo] approach on a program basis to address all the large slum and squatter areas." According to Urban Division Chief, Churchill, Urban Development III, which will be supported by $78 million in Bank financing, "will enormously improve the living conditions of the poor and displaced—on a scale comparable in Asia only to public housing activities in Hong Kong and Singapore."

The Third Urban Development Project will, in turn, be followed by Urban Development IV in 1982 and Urban V in 1984, both of which will presumably bring the lessons of Urban III to urban areas throughout the Philippines.

MANILA, IMELDA, AND THE WORLD BANK: CONFIDENTIAL EXCERPTS FROM A SORRY CHAPTER IN PHILIPPINE URBAN HISTORY

THE WORLD BANK ON BLISS, IMELDA MARCOS' PET HOUSING PROGRAM (2/26/80)

"The Metro-Manila BLISS presently consists of four-storey walk-up apartments costing $75-90,000 per unit excluding land and infrastructure * * * The high investment cost and considerable cross-subsidy required would rule out this approach to providing shelter for low income groups on an extensive scale."

THE WORLD BANK ON IMELDA (MEMORANDUM OF GEORGE VOTAW, WORLD BANK VICE PRESIDENT TO ROBERT M'NAMARA, WORLD BANK PRESIDENT, 11/18/75)

"Mrs. Marcos has identified herself with a few showcase projects, which we consider ineffective and which are a bit of a joke even among knowledgeable Filipinos."

"Mrs. Marcos has just been appointed to serve as the first General Manager of Metropolitan Manila * * * The Bank strongly supports the establishment of a Metropolitan Manila Government and stands ready to assist the Government with technical assistance and financing to tackle questions of organization and management, fiscal policy, programming and budgeting. For your information, police and water supply services are already organized on a metropolitan-wide basis."

WEST GERMAN GOVERNMENT ON THE WORLD BANK (11/79)

"It seems that the income data on the Metro-Manila population for 1979 used by * * * the World Bank are extremely inaccurate for the lower 50 percent of the population * * * For 1979 * * * about 34 to 40 percent of Metro-Manila's population are squatters. Looking at the rental rates for the smallest lots * * * it appears quite improbable that squatters can afford to rent a lot in a World Bank project for the "lowest-income families'."

WORLD BANK RESPONSE TO THE WEST GERMAN GOVERNMENT (1/24/80)

"A policy of housing subsidy for the poor which does not contain a repayment element, requiring comparable repayments among residents of a given new or upgraded

settlement would, we believe, eventually both be unworkable and socially deceptive in the communities to which it is directed."

"Finally, we agree with Mr. Oberndorfer that the government's provision of shelter to the urban poor in Manila with which the Bank has been associated benefited fewer people than ultimately need assistance and cannot necessarily reach the poorest segments of society."●

SPEECH OF WILLIAM S. MOORHEAD BEFORE THE CONFERENCE ON LAUNCHING THE SYNFUELS INDUSTRY

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. McKINNEY. Mr. Speaker, during the recess our colleague, BILL MOORHEAD, delivered a speech before the Conference on Launching the Synfuels Industry. It was quite appropriate that he should be the keynote speaker at such a conference since he introduced the legislation which, I believe, ultimately will be responsible for full-scale synthetic fuel production in this country.

BILL MOORHEAD's remarks clearly set the tone for the private sector. I think that we can all benefit from this speech and request unanimous consent to have it inserted in the CONGRESSIONAL RECORD at this point:

REMARKS OF REPRESENTATIVE WILLIAM S. MOORHEAD BEFORE THE CONFERENCE ON LAUNCHING THE SYNFUELS INDUSTRY

Mr. Chairman, it is a singular and distinct honor to be the opening keynote speaker at this conference on "Launching the Synfuels Industry." I simply have to confess to you that I have dreamed about moments like this for many years ever since I became convinced that the United States must establish this new industry, which I consider to be vital to the national security of the United States.

As you all know, it has been a hard fight over a number of years to bring us to this moment where we are actually ready to take the first step of that famous thousand-mile journey alluded to by the late President John F. Kennedy. It has probably been the most satisfying experience of my working life to have the privilege of playing a leading role in this effort. But let me assure you that the heroes in this entire saga are numerous on the political side, in both the House and Senate, and in the Adminstration. The list, of course, also includes many of you here today representing private industry, the financial world, and various interested organizations.

I want you to know that in my opinion, the United States is embarking upon a great development adventure and, hopefully, a great industrial revitalization fully comparable to those efforts which brought the railroads to the United States, the advent of electricity into our industrial society and homes, and the beginning of the space age.

We—all of us—have awesome responsibilities to make certain that synthetic fuels development moves ahead rapidly to insure the national security and economic well-being of our country and the free world. It must be done expeditiously with dedicated and determined concern for the environment and socio-economic impacts, so that none of us will at some time in the future look back with regret that we did not make some hard decision that was required of us at this moment. As an example, the systems that bring on the commercial production of synthetic fuels must include the best available environmental control technology, both from the standpoint of air and water quality standards and occupational health standards. Although the initial costs may be greater, this is an investment that we must not fail to make.

I know we can do it. I firmly believe industry has a wholehearted commitment to do it. And certainly the American people are reposing great faith in us that we do indeed accomplish that objective.

We meet here today at a rather ominous time. Iran and Iraq are locked in a military struggle which could potentially lead to a much larger conflict endangering the very security of the United States and the Western world. If the current conflict should result in a closing of the narrow Strait of Hormuz, the effects could indeed be grave. Wednesday's newspapers reported a statement by an unnamed Iranian naval commander that, if necessary, Iran would mine the Strait.

About 60 percent of all OPEC oil exports would be cut off. Japan would lose about 75 percent of its industrial energy supply, and Western Europe would lose half of its supply. America would lose two million barrels of imported oil a day, which support almost five million jobs in this country. Some experts predict this would increase unemployment up to 15 percent. Remember, also, that the United States has entered into international agreements which require this country to share its oil if severe shortages develop among our allies.

I don't have to tell you that under these conditions, the economics of the Western industrial world, as we know them would probably collapse, and, to a considerable degree, America would be literally indefensible in terms of a meaningful military response. Meanwhile, this country is leaning on some pretty thin reeds, namely an inadequate Strategic Petroleum Reserve and a highly controversial gasoline rationing plan.

Ladies and gentlemen, that is why the subject we are discussing at this conference is so important. The program we are contemplating in these meetings would give this country a much more viable national security insurance policy. It would provide not only the capability—but also over the near and mid-term—new vitally-needed capacity to produce assured domestic substitute fuels for imported oil.

I am happy to report to you today that the Congress and this Administration, acting in a strong bi-partisan partnership, have at long last called upon American industry to come forth with specific proposals for plants to produce synthetic fuels commercially. The necessary financial incentives have been provided and the next move is up to you.

In passing the landmark Energy Security Act this year, Congress provided for a "fast-start" interim synthetic fuels development program under the Defense Production Act and the Non-Nuclear Act. This program could save industry millions of dollars in construction costs and, at the same time, give those technologies now ready for commercialization a highly competitive edge for the future.

The interim program is designed to keep the momentum going for synthetic fuels until the new U.S. Synthetic Fuels Corporation is fully operational. No one really knows when that will be. I hope it will be soon, but in the meantime, the interim program is the only game in town, and it was formulated by the Congress to give the necessary flexibility for rapid progress.

Experts point out the importance of early construction in light of our current inflationary spiral. First-generation technologies will indeed remain competitive for many years to come even after second- and third-generation plants arrive on the scene.

I have great hopes and have been given assurances by the Executive Branch that necessary decisions can be reached by the end of this year so that ground actually can be broken to take advantage of the full construction season during 1981.

Under the Defense Production Act, you will have the full presidential power of an extraordinary defense preparedness law behind you. If necessary, that power includes priority performance of contracts and allocation of materials and equipment. America is not going to the end of the line. We are going to the front of the line. This is the same power we used to complete the Alaska Pipeline and naval nuclear reactor program, which led to the nuclear power industry.

I believe we are at a great economic turning point. Synthetic fuels development effort should help to provide thousands of new jobs in construction, manufacturing, fabrication and service industries. This, in turn, will strengthen the U.S. economy by creating new domestic wealth and, I might add, new tax sources for the Federal Government, and state and local governments. The net effect should be anti-inflationary in nature because of the huge sums of money which will be spent in America instead of flowing overseas for the purchase of imported petroleum. We are now spending $90 billion a year for foreign oil. That great outflow of American dollars to the coffers of the oil-producing cartel has weakened the purchasing power of our money both at home and abroad. True, it will take several years to begin reversing that outflow. But we are starting, and each step that we take will help our economy to recover.

As you meet for the next two days in a wide-ranging discussion and consideration of launching the synfuels industry, I would urge you to keep certain things in mind. What you are doing here is terribly important to the future and, indeed, to the survival of America. We have an unprecedented opportunity in my view to demonstrate, to other industries, how government and business can work together to achieve a national goal. We are going to build a major industry in this country from the ground up. We have a chance to build it right the first time. This is not a moment for hesitation or equivocation. We must move ahead. We must make the hard decisions. We have got to do it. We must be prepared for the worst, and in doing so, we will have the best.●

A NATIONAL EFFORT TO COMBAT DRUNK DRIVING—PART II

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. BARNES. Mr. Speaker, I submit for the information of my colleagues a series of additional materials relating to the growing national effort to deal with the drunk driving problem. During a news conference on October 1, 1980, Senator PELL, Congressman MATSUI, and I discussed legislation we have introduced on the subject. Copies

of our statements at that time appear in the CONGRESSIONAL RECORD of Monday, November 17, 1980.

Also at the news conference were Joan Claybrook, Administrator of the National Highway Traffic Safety Administration, who has focused the attention of NHTSA on the drunk driving crisis; Candy Lightner of California, who has formed a national organization, Mothers Against Drunk Drivers—M.A.D.D.; and Cindi Lamb of Maryland, whose baby daughter was paralyzed from the shoulders down by a repeat offender. I am including in the RECORD at this time the statements offered by Mrs. Lightner and Mrs. Lamb, a letter from NHTSA Administrator Claybrook in support of congressional action in the 97th Congress, and two recent news stories from the Washington Star and the Los Angeles Times.

STATEMENT OF MRS. CANDY LIGHTNER, PRESIDENT OF M.A.D.D.—MOTHERS AGAINST DRUNK DRIVERS—OCTOBER 1, 1980

Good afternoon. My name is Candy Lightner and I am the president of M.A.D.D.—Mothers Against Drunk Drivers. M.A.D.D. is a newly formed grass roots organization started in Sacramento, California as the direct result of the death of my 13-year-old daughter, Cari Lightner last May. We now have affiliate groups throughout the state of California and a group in Maryland. We will be starting other groups in Oregon and Iowa.

I organized M.A.D.D. after my daughter Cari was killed by a hit-and-run repeat-offender drunk driver. The man who killed her was released on bail from another hit-and-run drunk driving incident only two days prior to Cari's death. And, in addition, he had three prior drunk driving arrests in the past four years. Yet, he was still driving on a valid California driver's license. I find that appalling. I was told by the District Attorney handling this case that it is doubtful Cari's killer will go to prison: "That's the way the system works," he said.

The California Highway Patrol considers my daughter's death just another statistic, but I refuse to accept that. This was the second time she had been hit by a drunk driver. This time it cost her life.

There is no way I can convey to you the emotional suffering inflicted on a parent who has lost a child by such a senseless violent crime. Cari left behind an identical twin sister, and each time I see her sister I am reminded of this child who once shared our lives and love.

M.A.D.D. wants to make sure that every possible step is taken to prevent the future killing and maiming of innocent children by drunk drivers. I have learned that deaths caused by drunk driving is a socially accepted form of homicide. That attitude must be changed. The victims of drunk driving must not be forgotten and that is why M.A.D.D. has vowed to fight for effective reform of the drunk driving problem in this country.

I have also learned that nothing effective is being done on the national, state or local levels to keep the drunk driver off the road. It is time to say "enough" and attack drunk driving on all levels.

I am here today to publicly call on the President of the United States to establish a Blue Ribbon commission to be comprised of experts whose motivation is to get the drunk driver off the road. This commission must be mandated to develop realistic solutions to protect the innocent from being killed or maimed by these "killers" behind the wheel.

In short, our organization feels it is the President's responsibility and duty to take every possible step to protect innocent citizens from drunk drivers.

Therefore in an effort to accomplish this goal M.A.D.D. is launching now a nationwide petition drive in support of the Blue Ribbon Commission.

My daughter Cari is dead—nothing will bring her back. But there are solutions which can prevent my tragedy from happening to others.

Congressmen Barnes and Matsui have introduced legislation dealing with drunk drivers which we firmly support. Hopefully, this legislation will help to alleviate the drunk driving problem. The Congressmen have been very supportive of our efforts and we would like to honor them with the privilege of being the first to sign our petition calling for the Blue Ribbon Commission.

We will in the future also be asking other congressmen to sign this petition.

We believe it is important for the public to know the victims side of the story. What happened to my daughter Cari could happen to anyone. She was only a few blocks away from home when she was killed.

Thank you.

STATEMENT OF CINDI LAMB, MOTHERS AGAINST DRUNK DRIVERS, OCTOBER 1, 1980

On November 10, 1979, my 5 month old baby daughter Laura and I were on our way to the grocery market at 12:30 in the afternoon. At 12:40 we had just passed through the small town of Mt. Pleasant and I remember glancing at Laura's face as she lit up with a brilliant smile as she kicked her sturdy legs against the car seat she was in and reached out to touch my hand.

I remember thinking to myself and wondering if Laura would like to take dance lessons. No, I thought with her strong legs and perfect body surely she would prefer gymnastics or maybe even horseback riding. But I won't be taking Laura to any dance lessons and she won't be thrilled to show me her first cartwheel because 3 minutes later we were struck headon by a repeat offender drunk driver. Now the only thing that Laura can move is her arms. Laura was paralyzed from the neck down permanently as a result of this devastating crime. Laura feels absolutely nothing from her shoulders down. No kisses, no hugs. Laura doesn't laugh when I tickle her motionless feet.

Laura can't play patty cake as her fingers and hands are still. Laura is a quadruplegic for life. I was lucky enough to escape this crime with 12 broken bones and 60 stitches. Many of you listening to this tragedy may feel sorry for Laura and I. You may think: that happens to the guy down the street or in the next town but it certainly won't happen to me. I know this because I remember listening to horror stories about the numerous deaths and life crippling injuries caused by drunk drivers and thinking the same thing. But that's wrong and I found that out 10 months ago when Laura and I became the "person down the street." If you care about your life and the lives of your family and loved ones you must realize that now is the time to change that attitude. Drunk drivers cripple people. Drunk drivers kill people, and they do it 66 times a day in this country.

I would like to ask, plead if you will, that anyone who does not want such a tragedy to happen to them to support the efforts of MADD (Mothers Against Drunk Drivers) in asking President Carter to form a blue ribbon commission. The forming of such a commission would be to find solutions and possible answers in reducing the injuries and deaths on our nation's highways. I am also asking for the public's support of Congressman Mike Barnes' new legislation for a mandatory 10 day jail sentence or alternative community service work for first offender drunk drivers. Congressman Barnes' new bill is a beginning to protecting our lives and I can only pray that those of you who can hear my voice and see what happened to my daughter and I will begin to realize the urgency or ridding killer drunks from our roads. It is time to stop thinking this won't happen to you, because every 23 minutes, someone, is murdered by a drunk driver, it could be you!

DEPARTMENT OF TRANSPORTATION,
Washington, D.C., October 1, 1980.

HON. MICHAEL BARNES,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE BARNES: We want to commend you and your colleagues for introducing H.R. 7812, a bill to establish a comprehensive alcohol-traffic safety program in each State aimed at discouraging driving while under the influence of alcohol.

In our overall effort to improve highway safety we are painfully aware of the need to deal more effectively with the drunk driver. Drunk driving is indeed a national epidemic to which no single community is immune. Its toll each year is a heavy one. Last year, some 19,500 Americans were murdered, while approximately 25,000 Americans met equally violent deaths at the hands of drunk drivers. Over the past decade this annual rate has remained relatively consistent, which means that since 1970 nearly a quarter of a million lives have been lost in America due to drunk drivers.

We believe that Congressional action is needed to reinvigorate the efforts of State and local governments against drunk driving. We support H.R. 7812 because it addresses a major stumbling block—the lack of consistent enforcement of the drunk driving laws.

Your bill would improve coordination among the various agencies involved in processing drunk driving defendants (the police, the prosecutors, judges and treatment officials). Over the past ten years, we have learned through research and demonstration efforts such as the Alcohol Safety Action Projects how to design programs that increase the number of arrests, shorten the processing and trial time, and raise the conviction rate. H.R. 7812 would be a great help in putting these programs into practice across the country.

A large percentage of drunk driving charges are plea-bargained away or reduced to lesser, non-alcohol charges. Many judges are reluctant to convict a drunk driver on a drunk-driving charge because they consider the penalties for drunk driving that would follow a conviction (such as mandatory jail or heavy fines) as too harsh to impose. Your bill would provide judges with a creative alternative to jail or onerous fines—community service. Under this alternate sentencing provision, judges would have the discretion to fashion sentences appropriate for the circumstances in each case. The availability of such an alternative should induce judges to hand down more drunk-driving convictions when the facts call for conviction.

We very much appreciate your concern about the drunk-driving problem. We hope your bill will spur other Representatives and Senators to examine this issue and see the need for action. Please feel free to call

on us at any time if we can be of any support in your efforts.

Sincerely,

JOAN CLAYBROOK.

[From the Washington Star, Oct. 2, 1980]

CRIPPLED BABY DRAMATIZES A DISGRACE

In Maryland's traffic records she is just another statistic, but yesterday 16-month-old Laura Lamb, paralyzed from the neck down, appeared as the dramatic symbol of a campaign to force all 50 states to write tougher drunk driving laws.

A bill sponsored by Rep. Michael D. Barnes, D-Md., and other members of Congress would force states to impose strict drunk driving penalties as a prerequisite to receiving highway safety funds from the federal government.

Beneath the glare of television lights, Barnes and other public officials deplored the fact that 25,000 deaths are caused on the nation's highways each year by people who drive while intoxicated.

"The problem of drunk driving," Barnes said, "is a neglected national disgrace."

Joan Claybrook, head of the National Highway Traffic Safety Administration, said up to $200 million in highway safety funds goes to the states each year and that stricter new legislation could mean a significant drop in drunk driving fatalities.

But the most poignant moment of a Capital Hill news conference came when Cindi Lamb of Mount Airy pointed to her crippled daughter, choked back tears and declared: "Laura feels absolutely nothing from her shoulders down. No kisses, no hugs. Laura doesn't laugh when I tickle her motionless feet."

Lamb argued that if judges and prosecutors had done more to keep drunks off the road, her daughter might not have been crippled almost a year ago when a drunk driver slammed into their car.

Also present was Sen. Claiborne Pell, D-R.I., who introduced a bill similar to Barnes' almost two years ago, after two of his aides were killed by drunk drivers. "There must be a mandatory loss of freedom" for any convicted drunk driver, he said.

In Maryland and other states, offenders often receive probation after a first offense and thus are able to continue driving.

Barnes' bill would require all states to impose a mandatory 10-day jail sentence, suspend drunk drivers' licenses—on the first offense and keep more detailed records on offenders.

In Montgomery County alone, Barnes said, "there are 45,000 problem drinkers, and alcohol-related crashes are one of the most pressing problems."

Barnes' bill also would require all states to adopt the same strict legal definition of drunkenness—a maximum blood-alcohol content of .10 percent.

Virginia and the District use that standard now. Maryland would have to lower its definition from .15 percent blood-alcohol content if the bill passes.

How Barnes' bill will fare in Congress remains unknown.

But similar moves to crack down on drunk drivers have faced stiff opposition in Maryland's General Assembly, particularly from Del. Joseph E. Owens, D-Montgomery, chairman of the House Judiciary Committee.

Owens has argued that redefining drunkenness would clog the courts but do little to curtail drunk driving.

However, a state task force formed by Gov. Harry R. Hughes has recommended halting a common practice called "probation before judgment," under which judges allow persons charged with drunk driving to return to the roads without a stiff penalty.

Cindi Lamb said her daughter was paralyzed in an accident caused by a repeat drunk driving offender.

"Judges are too lenient," she said. "Drunk drivers cripple people. Drunk drivers kill people, and they do it 68 times a day in this country."

[From the Los Angeles Times, Oct. 2, 1980]

MOTHER'S CRUSADE—CRACKDOWN URGED ON DRUNK DRIVERS

(By Gaylord Shaw)

WASHINGTON.—Laura Lamb's expressive blue eyes scanned the commotion and crowd surrounding her—seven television cameras, half a dozen news photographers, twice that many reporters, two House members, a senator, the administrator of the National Highway Transportation Safety Administration and a score of congressional aides and other federal officials.

Her lips moved, but she made no sound. At 16 months of age, Laura Lamb will never be able to speak or use her hands or legs—she's permanently paralyzed from the shoulders down, a paraplegic for life.

The child was brought to a Capitol Hill hearing room Wednesday as a symbol of the human suffering caused by repeat-offender drunk drivers. Such drivers are the target of a fledgling national campaign being waged by two women who live on opposite sides of the continent but who—because of family tragedies—have joined as leaders of an organization known as MADD—Mothers Against Drunk Drivers.

Laura's mother, Cindi Lamb of Unionville, Md., and Candy Lightner of Fair Oaks, Calif., near Sacramento—whose 13-year-old daughter was killed last May by a hit-and-run drunk driver—announced that MADD was sponsoring a nationwide petition campaign calling on President Carter to appoint a blue-ribbon commission to "develop realistic solutions * * * (and) effective reform of the drunk-driving problem in this country."

They received quick support from Reps. Robert T. Matsui (D-Sacramento) and Michael D. Barnes (D-Md.) and Sen. Claiborne Pell (D-R.I.). The lawmakers were the first to sign the petition, and they said that they would push for laws to require minimum 10-day jail sentences or alternative community service and other stern measures for convicted drunk drivers.

The proposal for a blue-ribbon commission received the endorsement of Joan Claybrook, head of the National Highway Traffic Safety Administration, which spent $100 million in the last decade on alcohol safety programs but which, she conceded, has not done enough.

25,000 FATALITIES A YEAR

Claybrook and the members of Congress joined Lamb and Lightner for the news conference, which they said was intended to call fresh attention to the enormous toll inflicted annually by drinking drivers: 25,000 highway fatalities (half the national total), a million injuries and $5 billion in damages.

With tears glistening their eyes and emotion choking their voices, the mothers told their stories.

Lamb recalled the Sunday afternoon 11 months ago when she and Laura were driving to the grocery. Their pickup truck was struck head-on by a car driven by a man whose traffic record had 56 separate entries, including three arrests for driving while intoxicated.

Now, Lamb said, "Laura feels absolutely nothing from her shoulders down. No kisses, no hugs. Laura doesn't laugh when I tickle her motionless feet. Laura can't play patty-cake * * *."

Lightner said her daughter was walking in a bicycle lane on her way to church last May when she was struck from behind by a man who left the accident scene—a man released on bail for another hit-and-run drunk-driving accident two days earlier, a man who still had a valid California driver's license, although he had three drunk-driving arrests in the last four years.

"What happened to my daughter Cari could happen to anyone," she said. "She was only a few blocks from home when she was killed."

Pell told of how two of his aides were killed by drunk drivers in separate accidents 18 months apart. "* * * We are not powerless to confront drunk driving," he said. "What is needed is a strong, uniform deterrent" such as mandatory jail sentences, as well as a massive effort to change society's attitudes. "We have to make sure it is not socially acceptable to be a drinking driver," he said.

Barnes agreed, saying that "our community standards have been too lenient. * * * The people of the United States have not said, 'We will not tolerate this any longer * * * this is an outrage.'"

Matsui said enforcement of drunk-driving laws is inadequate and penalties "so light as to be meaningless." In Sacramento County last year, he said, 91 persons were killed and 2,689 were injured in alcohol-related accidents. "There were 103 felony convictions, for drunk driving, yet only three offenders went to prison," he said.

Lightner, who founded MADD in Sacramento, said she has collected 5,000 signatures on petitions calling on Gov. Edmund G. Brown, Jr. to appoint a state commission to reform California drunk-driving laws, but "right now, Gov. Brown is doing nothing." She did say, however, that Brown's aides and other state officials have agreed to meet Oct. 15 to discuss the proposal.●

A TRIBUTE TO NORMAN "DUTCH" SEVELL

HON. MATTHEW J. RINALDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. RINALDO. Mr. Speaker, the national commitment to aiding the victims of kidney disease through dialysis treatment is now 8 years old and reaches about 50,000 patients at a cost to the Federal Government under the medicare program of about $1 billion a year. Many patients who would have died of kidney failure are now alive, but all are not necessarily well. The new dialysis population includes patients with serious chronic illness and others who are delivered to dialysis centers three times a week.

Without the support of thousands of volunteers and the private fundraising efforts of organizations such as Kidney Fund of New Jersey, many people would be unable to take advantage of the treatment offered at dialysis centers. Furthermore, the research that is needed into the genetic links to kidney diseases and diabetes that lead to kidney failure could not be carried on without the support of these private fundraising organizations.

This year, the Kidney Fund of New Jersey is honoring one of its most generous trustees, Norman "Dutch" Sevell. Along with his wife, Marie,

they have generated donations of thousands of dollars for the treatment of kidney victims. Mr. and Mrs. Sevell have worked especially hard in arranging the transportation of kidney patients to hospitals and clinics for dialysis treatment.

Through Dutch Sevell's efforts, the Kidney Fund of New Jersey has been able to encourage public support for research into kidney diseases, including the development of portable kidney dialysis equipment that could spare the families of kidney disease sufferers the problems and expense of transporting them weekly to dialysis centers.

Without the generosity and commitment of Americans like Dutch Sevell, kidney diseases would claim thousands of young people annually. The development of kidney transplant operations would never have reached its present point.

Through the work of the kidney fund and the efforts of people like Dutch Sevell the cost of dialysis treatment per patient has actually dropped from $40,000 per patient in 1972 to about $28,000. The number of patients being alive after kidney failure has increased more than eightfold since 1972 and is expected to continue rising to about 70,000 patients by 1990.

As Dutch Sevell and other members of the Kidney Fund of New Jersey point out, much still remains to be done. Research into the genetic characteristics that produce kidney failure and diseases offers the greatest hope for the future. The development of less expensive, portable dialysis equipment that can be used in the home without professional assistance is imperative in giving kidney victims a sense of freedom from the machine, and enabling them to lead more productive lives. And as medical specialists now warn, more older Americans with kidney failures are using this program to a degree undreamed of when Congress established dialysis treatment under medicare. When the Government began paying for dialysis in 1972 the patient population was between 37 and 43, and fewer than 20 percent were over the age of 50. Now the average age is more than 50. Elderly and terminally ill kidney patients are using the program.

This is placing an extraordinary financial and human burden on our private organizations such as the Kidney Fund of New Jersey.

In honoring Norman "Dutch" Sevell with its sixth annual humanitarian award, the Kidney Fund of New Jersey brings to public attention the fact that not only are kidney disease victims and their families involved in this program, but so are many outstanding citizens and business leaders like Dutch Sevell whose only interest is in helping others. That is the spirit of neighborliness and compassion that distinguishes the American character.

Mr. Speaker, I ask my colleagues in the House to join with the Kidney Fund of New Jersey in paying tribute to a fine and generous American, Norman "Dutch" Sevell, and his wife, Marie, for their compassionate efforts to aid the victims of kidney disease.●

H.R. 5888

HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 18, 1980

● Mr. ZEFERETTI. Mr. Speaker, I strongly supported H.R. 5888, the Federal Law Enforcement Officers' and Firefighters' Death Benefits Act of 1980 when it passed the House on Tuesday, November 18, 1980. This important legislation provides a $50,000 Federal death benefit to the survivor or survivors of a Federal law enforcement officer or firefighter who die as a result of injuries sustained in the line of duty.

It is with confidence and conviction that I feel it is appropriate for our Government to compensate surviving dependents of Federal law enforcement officers or firefighters who find themselves in a desperate financial situation often left to the mercy of charitable organizations when their loved ones are struck down in the line of duty. Certainly, our society owes a special obligation to those individuals who daily risk their lives for our safety and protection.

Mr. Speaker, this legislation demonstrates compassion, good sense, and justice for the brave men and women who serve in our Federal law enforcement units. H.R. 5888 is a long and overdue gesture of recognition of sacrifices made by these officers and their families and at least an attempt on our part to make life easier for the survivors in the future.●

A REJECTION OF COMMONSENSE

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. BINGHAM. Mr. Speaker, to me one of the most painful of the many calamitous events of November 4 was the defeat of our colleague RICHARDSON PREYER of North Carolina. A former member of Mr. PREYER's staff, Andrew Burness, has written an eloquent tribute to Mr. PREYER which appeared in yesterday's Washington Post. Following are excerpts from his column:

A REJECTION OF COMMONSENSE

In the post-mortem of the election, much attention had been given to the demise of liberal leaders. Specifically, Sens. McGovern, Bayh, Church and others were defeated by more conservative office-seekers.

But in North Carolina, the ideologically moderate and low-profile congressman named Richardson Preyer was also defeated. His defeat may have greater ramifications than those of his better-known liberal colleagues. In these times when politicians are boxed into ideological corners, anything less than a 100 percent score on the ideological litmus test can mean political suicide. And anything short of a commitment to outshout the opponent with evangelical tongue lashings from the right or left just doesn't seem very appealing anymore. A five-term incumbent and former federal judge, Preyer refused to engage in verbal combat with his bellicose opponent.

Preyer exemplifies that dwindling cast of leaders called moderates. And he is not a moderate by default or a chameleon who has no principle and can never make up his mind. He, and a few others like him, are moderates by conviction. * * *

The principled moderates have several defining characteristics, any but not all of which may be characteristics of their conservative or liberal colleagues. They may be politically partisan, but they are as well respected by the opposing party as they are by their own. They are the only ones who consistently earn the cooperation and support of their opposition party colleagues.

They do not shout down their ideological adversaries. They may continue to disagree, but their views are expressed with respect and calm.

They consider each issue on its merits, not oblivious to interest group pressure, but never swayed decisively by it.

They are characterized by impeccable integrity.

They often take positions that satisfy no one completely, realizing that it takes a national consensus to produce significant social change.

They are intelligent, and they have a keen sense of history. * * *

Moderates, as Preyer says, are in the business of governing. Liberals or conservatives may have the better ideas and are probably more creative, but they are not the best policymakers.* * * The defeat of Preyer and the few like him is particularly disturbing. It represents a rejection of common sense and reason, of even-handedness, of moderation, if you will—essential qualities for any government that seeks to unite a polarized and angry public.●

KEEP THE LEGAL SERVICES CORPORATION OUT OF MINIMUM COMPETENCY TESTING

HON. RONALD M. MOTTL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. MOTTL. Mr. Speaker, when the House begins consideration of the Legal Services Corporation (LSC) bill, I plan on joining with Congressman ASHBROOK in offering an amendment to prevent the LSC from involving itself in education policy, particularly minimum competency testing.

The Legal Services Corporation has been attempting to overturn State required minimum competency testing programs. This is an outrage. During the 95th Congress, the Education Amendments of 1978 were enacted into law (Public Law 95-561). Under sections 921 and 922 of the act, there was established a program which authorized Federal funds to carry out

State plans for educational proficiency standards in the basic skills. Not only is the LSC trying to uproot State competency tests, it is moving directly opposite to Federal policy on this matter. Under Public Law 95-561, the States are being encouraged to develop minimum competency programs, not to tear them down.

Mr. Speaker, in the 95th Congress when I, along with Mr. Quie of Minnesota, Mr. SIMON of Illinois, and Mr. HYDE of Illinois, sponsored and the Committee on Education and Labor adopted two sections to provide a voluntary program of minimum competency testing and remedial courses; clearly it was with the intention of encouraging an expansion in these programs. It was envisioned that the Federal Government would be in a partnership with State and local school districts in reemphasizing the importance of the basic skills such as reading, writing, and mathematics.

The LSC has been interfering with the Florida functional literacy testing program, stating that such tests work to the disadvantage of minority students. However, the 10th annual Gallup poll of the public's attitudes toward public schools indicated that "those who are most likely to have children who fail in their schoolwork—poorly educated parents—are the ones most in favor of requiring students to pass tests for promotion."

We must not continue to turn out high school graduates with diploma in hand who are ill-prepared to enter the adult world. His diploma is reduced to being merely an attendance certificate rather than a scholastic achievement award. I hope my colleagues will join in supporting this amendment at the appropriate time.●

THE CATHOLIC BISHOPS OF THE UNITED STATES OPPOSE CAPITAL PUNISHMENT

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. DRINAN. Mr. Speaker, it is most significant that at the meeting of all of the 300 Catholic bishops in the United States in early November 1980, this body, by an overwhelming vote, produced a statement urging the abolition of capital punishment. In this carefully reasoned document, the U.S. Catholic Conference, the corporate title of the Catholic Bishops of America, stated that in our contemporary American society, "the legitimate purposes of punishment do not justify the imposition of the death penalty." The statement goes on with many reasons to justify this judgment and states that "We maintain that abolition of the death penalty would promote values that are important to us as citizens and as Christians."

I attach herewith the entire text of the statement issued by the Catholic Bishops of America.

A PROPOSED STATEMENT OF THE U.S. CATHOLIC CONFERENCE ON CAPITAL PUNISHMENT

In 1974, out of a commitment to the value and dignity of human life, the Catholic bishops of the United States declared their opposition to capital punishment. As Archbishop Bernardin, then president of the National Conference of Catholic Bishops pointed out in 1977, the issue of capital punishment involves both "profound legal and political questions" as well as "important moral and religious issues."[1]* And so we find that this issue continues to provoke public controversy and to raise moral questions that trouble many. This is particulary true in the aftermath of widely publicized executions in Utah and Florida and as a result of public realization that there are now over 500 persons awaiting execution in various prisons in our country.

The resumption of capital punishment after a long moratorium, which began in 1967, is the result of a series of decisions by the United States Supreme Court. In the first of these decisions, *Furman* vs. *Georgia* (1972), the Court held that the death penalty as then administered did constitute cruel and unusual punishment and so was contrary to the Eighth Amendment to the Constitution. Subsequently in 1976 the Court upheld death sentences imposed under state statutes which had been revised in ways to ensure that the death penalty would not be imposed arbitrarily. These cases and the ensuing revision of state and federal statutes gave rise to extended public debate over the necessity and advisability of retaining the death penalty. We should note that much of this debate was carried on in a time of intense public concern over crime and violence. For instance, in 1976 alone, over 18,000 people were murdered in the United States. Criticism of the inadequacies of the criminal justice system has been widespread, even while spectacular crimes have spread fear and alarm, particularly in urban areas. All these factors make it particularly necessary that Christians form their views on this difficult matter in a prayerful and reflective way and that they show a respect and concern for the rights of all.

We should acknowledge that in the public debate over capital punishment we are dealing with values of the highest importance: respect for the sanctity of human life, the protection of human life, the preservation of order in society, and the achievement of justice through law. In confronting the problem of serious and violent crime in our society, we want to protect the lives and the sense of security both of those members of society who may become the victims of crime and of those in the police and in the law enforcement system who run greater risks. In doing this, however, we must bear in mind that crime is both a manifestation of the great mysteries of evil and human freedom and an aspect of the very complex reality that is contemporary society. We should not expect simple or easy solutions to what is a profound evil, and even less should we rely on capital punishment to provide such a solution. Rather, we must look to the claims of justice as these are understood in the current debate and to the example and teaching of Jesus, whom we acknowledge as the justice of God.

Allowing for the fact that Catholic teaching accepts the principle that the state has the right to take the life of a person guilty of a serious crime, and that the state may take appropriate measures to protect itself and its citizens from grave harm, nevertheless, the question for judgment and decision today is whether capital punishment is justifiable under present circumstances. Punishment, since it involves the deliberate infliction of evil on another, is always in need of justification. This has normally taken the form of indicating some good which is to be obtained through punishment or an evil which is to be warded off. The three justifications traditionally advanced for punishment in general are retribution, deterrence, and reform. Reform or rehabilitation of the criminal cannot serve as a justification for capital punishment, which necessarily deprives the criminal of the opportunity to develop a new way of life that conforms to the norms of society and that contributes to the common good. It may be granted that the imminence of capital punishment may induce repentance in the criminal, but we should certainly not think that this threat is somehow necessary for God's grace to touch and to transform human hearts.

The deterrence of actual or potential criminals from future deeds of violence by the threat of death is also advanced as a justifying objective of punishment. While it is certain that capital punishment prevents the individual from committing further crimes, it is far from certain that it actually prevents others from doing so. Empirical studies in this area have not given conclusive evidence that would justify the imposition of the death penalty on a few individuals as a means of preventing others from committing crimes. There are strong reasons to doubt that many crimes of violence are undertaken in a spirit of rational calculation which would be influenced by a remote threat of death. The small number of death sentences in relation to the number of murders also makes it seem highly unlikely that the threat will be carried out and so undercuts the effectiveness of the deterrent.

The protection of society and its members from violence, to which the deterrent effect of punishment is supposed to contribute, is a value of central and abiding importance; and we urge the need for prudent firmness in ensuring the safety of innocent citizens. It is important to remember that the preservation of order in times of civil disturbance does not depend on the institution of capital punishment, the imposition of which rightly requires a lengthy and complex process in our legal system. Both in its nature as legal penalty and in its practical consequences, capital punishment is different from the taking of life in legitimate self-defense or in defense of society.

The third justifying purpose for punishment is retribution or the restoration of the order of justice which has been violated by the action of the criminal. We grant that the need for retribution does indeed justify punishment. For the practice of punishment both presupposes a previous transgression against the law and involves the involuntary deprivation of certain goods. But we maintain that this need does not require nor does it justify taking the life of the criminal, even in cases of murder. We must not remain unmindful of the example of Jesus who urges upon us a teaching of forbearance in the face of evil (Matthew 5:38-42) and forgiveness of injuries (Matthew 18:21-35). It is morally unsatisfactory and socially destructive for criminals to go unpunished, but the forms and limits of punishment must be determined by moral objectives which go beyond the mere inflicting of injury on the guilty. Thus we would regard it as barbarous and inhumane for a criminal who had tortured or maimed a victim to be tortured or maimed in return. Such a punishment might satisfy certain vindictive de-

*Footnotes at end of article.

sires that we or the victim might feel, but the satisfaction of such desires is not and cannot be an objective of a humane and Christian approach to punishment. We believe that the forms of punishment must be determined with a view to the protection of society and its members and to the reformation of the criminal and his reintegration into society (which may not be possible in certain cases). This position accords with the general norm for punishment proposed by St. Thomas Aquinas when he wrote: "In this life, however, penalties are not sought for their own sake, because this is not the era of retribution; rather, they are meant to be corrective by being conducive either to the reform of the sinner or to the good of society, which becomes more peaceful through the punishment of sinners."[2]

We believe that in the conditions of contemporary American society, the legitimate purposes of punishment do not justify the imposition of the death penalty. Furthermore, we believe that there are serious considerations which should prompt Christians and all our fellow Americans to support the abolition of capital punishment. Some of these reasons have to do with evils that are present in the practice of capital punishment itself, while others involve important values that would be promoted by abolition of this practice.

In the first place, we note that infliction of the death penalty extinguishes possibilities for reform and rehabilitation for the person executed as well as the opportunity for the criminal to make some creative compensation for the evil he has done. It also cuts off the possibility of a new beginning and of moral growth in a human life which has been seriously deformed.

Second, the imposition of capital punishment involves the possibility of mistake. In this respect, it is not different from other legal processes; and it must be granted our legal system shows considerable care for the rights of defendants in capital cases. But the possibility of mistake cannot be eliminated from the system. Because death terminates the possibilities of conversion and growth and support that we can share with each other, we regard a mistaken infliction of the death penalty with a special horror, even while we retain our trust in God's loving mercy.

Third, the legal imposition of capital punishment in our society involves long and unavoidable delays. This is in large part a consequence of the safeguards and the opportunities for appeal which the law provides for defendants; but it also creates a long period of anxiety and uncertainty both about the possibility of life and about the necessity of reorienting one's life. Delay also diminishes the effectiveness of capital punishment as a deterrent, for it makes the death penalty uncertain and remote. Death Row can be the scene of conversion and spiritual growth, but it also produces aimlessness, fear, and despair.

Fourth, we believe that the actual carrying out of the death penalty brings with it great and avoidable anguish for the criminal, for his family and loved ones, and for those who are called on to witness or to perform the execution. Great writers such as Shakespeare and Dostoyevsky in the past and Camus and Orwell in our own time have given us vivid pictures of the terrors of execution not merely for the victim but also for bystanders.

Fifth, in the present situation of dispute over the justifiability of the death penalty and at a time when executions have been rare, executions attract enormous publicity, much of it unhealthy, and stir considerable acrimony in public discussion. On the other hand, if a substantial proportion of the more than five hundred persons now under sentence of death are executed, a great public outcry can safely be predicted. In neither case is the American public likely to develop a sense that the work of justice is being done with fairness and rationality.

Sixth, there is a widespread belief that many convicted criminals are sentenced to death in an unfair and discriminatory manner. This belief can be affirmed with certain qualifications. There is a certain presumption that if specific evidence of bias or discrimination in sentencing can be provided for particular cases, then higher courts will not uphold sentences of death in these cases. But we must also reckon with a legal system which, while it does provide counsel for indigent defendants, permits those who are well off to obtain the resources and the talent to present their case in as convincing a light as possible. The legal system and the criminal justice system both work in a society which bears in its psychological, social, and economic patterns the marks of racism. These marks remain long after the demolition of segregation as a legal institution. The end result of all this is a situation in which those condemned to die are nearly always poor and are disproportionately black.[3] Thus 47% of the inmates on Death Row are black, whereas only 11% of the American population is black. Abolition of the death penalty will not eliminate racism and its effects, an evil which we are called on to combat in many different ways. But it is a reasonable judgment that racist attitudes and the social consequences of racism have some influence in determining who is sentenced to die in our society. This we do not regard as acceptable.

More positively, however, we maintain that abolition of the death penalty would promote values that are important to us as citizens and as Christians. First, abolition sends a message that we can break the cycle of violence, that we need not take life for life, that we can envisage more humane and more hopeful and effective responses to the growth of violent crime. It is a manifestation of our freedom as moral persons striving for a just society. It is also a challenge to us as a people to find ways of dealing with criminals that manifest intelligence and compassion rather than power and vengeance. We should feel such confidence in our civic order that we use no more force against those who violate it than is actually required.

Second, abolition of capital punishment is also a manifestation of our belief in the unique worth and dignity of each person, a creature made in the image and likeness of God. It is particularly important in the context of our times that this belief be affirmed with regard to those who have failed or whose lives have been distorted by suffering or hatred, even in the case of those who by their actions have failed to respect the dignity and rights of others. It is the recognition of the dignity of all human beings that has impelled the Church to minister to the needs of the outcast and the rejected and that should make us unwilling to treat the lives of even those who have taken human life as expendable or as a means to some further end.

Third, abolition of the death penalty is further testimony to our conviction, a conviction which we share with the Judaic and Islamic traditions, that God is indeed the Lord of life. It is a testimony which removes a certain ambiguity which might otherwise affect the witness that we wish to give to the sanctity of human life in all its stages. We do not wish to equate the situation of criminals convicted of capital offenses with the condition of the innocent unborn or of the defenseless aged or infirm, but we do believe that the defense of life is strengthened by eliminating exercise of a judicial authorization to take human life.

Fourth, we believe that abolition of the death penalty is most consonant with the example of Jesus, who both taught and practiced the forgiveness of injustice and who came "to give his life as a ransom for many." (Mark 10, 45) In this regard we may point to the reluctance which those early Christians who accepted capital punishment as a legitimate practice in civil society felt about the participation of Christians in such an institution[4] and to the unwillingness of the Church to accept into the ranks of its ministers those who had been involved in the infliction of capital punishment.[5] There is and has been a certain sense that even in those cases where serious justifications can be offered for the necessity of taking life, those who are identified in a special way with Christ should refrain from taking life. We believe that this should be taken as an indication of the deeper desires of the Church as it responds to the story of God's redemptive and forgiving love as manifest in the life of His Son.

We do not propose the abolition of capital punishment as a simple solution to the problems of crime and violence. As we observed earlier, we do not believe that any simple and comprehensive solution is possible. We affirm that there is a special need to offer sympathy and support for the victims of violent crime and their families. Our society should not flinch from contemplating the suffering that violent crime brings to so many when it destroys lives, shatters families, and crushes the hopes of the innocent. Recognition of this suffering should not lead to demands for vengeance but to a firm resolution that help be given to the victims of crime and that justice be done fairly and swiftly. The care and the support that we give to the victims of crime should be both compassionate and practical. The public response to crime should include the relief of financial distress caused by crime and the provision of medical and psychological treatment to the extent that these are required and helpful. It is the special responsibility of the Church to provide a community of faith and trust in which God's grace can heal the personal and spiritual wounds caused by crime and in which we can all grow by sharing one another's burdens and sorrows.

We insist that important changes are necessary in the correctional system in order to make it truly conducive to the reform and rehabilitation of convicted criminals and their reintegration into society, [6] though we also grant that some convicts are so dangerous and so likely to resort to violence that there is no prospect of their returning to society and that special measures may have to be taken to ensure the safety of those who guard them. We acknowledge that there is a pressing need to deal with those social conditions of poverty and injustice which often provide the breeding grounds for serious crime. We urge particularly the importance of restricting the easy availability of guns and other weapons of violence. All of these things should form part of a comprehensive community response to the very real and pressing problems presented by the prevalence of crime and violence in many parts of our society.

We recognize that many of our fellow citizens may believe that capital punishment should be maintained as an integral part of our society's response to the evils of crime, nor can we insist that this position is incompatible with Catholic tradition. We acknowledge the depth and the sincerity of their concern, we urge them to review the considerations we have offered which show both

the evils associated with capital punishment and the harmony of the abolition of capital punishment with the values of the Gospel. We urge them to bear in mind that public decisions in this area affect the lives, the hopes and the fears of men and women who share both the misery and the grandeur of human life with us and who, like us, are among those sinners whom the Son of Man came to save.

NOTES

1."Statement on Capital Punishment", Archbishop Joseph L. Bernardin, President, National Conference of Catholic Bishops, January 26, 1977.

Cf. "Community and Crime, Statement of the Committee on Social Development and World Peace, United States Catholic Conference," February 15, 1978, p. 8.

2. Thomas Aquinas, "Summa Theologiae," II-II, 68, 1; tr. Marcus Lefebure, O.P. (London: Blackfriars, 1975).

3. Cf. Charles Black, Jr., "Capital Punishment" (New York: Norton, 1974), pp. 84-91.

4. Tertullian, "De Idololatria," c. 17; cited in Francesco Compagnoni, "Capital Punishment and Torture in the Tradition of the Catholic Church," in "The Death Penalty and Torture," ed. Franz Bocle and Jaques Pohier (New York: Seabury, 1979), p. 46.

5. Code of Canon Law, Canon 984.

6. Cf. "The Reform of Correctional Institutions in the 1970's, Statement of the United States Catholic Conference," November, 1973.●

STRENGTHENING THE AMERICAN ECONOMY THROUGH WORKER PARTICIPATION

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. CONYERS. Mr. Speaker, much of the public discussion on the economic crisis has focused on the need to improve the products of American industry and the productivity of workers and machines. One of the surest ways to accomplish this is by enabling American working men and women to play a larger role in the business decisions that are made.

We desperately need to find ways to improve the quality of working life and to create a full employment economy. The United States is the last major industrial nation to innovate with new forms of production and new worker-management relations. The old, rigid patterns, that have permitted corporate executives to make all the decisions and that have left workers frequently holding the bag for the bad decisions that are made, are a major reason for the troubles that are plaguing American industry.

A new book on worker participation and control in industry, Karl Frieden's "Workplace Democracy and Productivity," furnishes a valuable guide to the changes that are needed to revitalize the economy in the coming years. Studies have repeatedly shown that in those work situations where workers themselves have a voice in decisions about products and the ways they are produced, the results have been higher productivity and earnings, stronger worker identification with the goals of the firm, a better quality of working life, and greater job security.

Working men and women now own a controlling interest in 90 major companies in the United States. In hundreds of other companies, workers participate at various levels in making decisions about working life. These trends have to be strengthened.

The following excerpts from Frieden's book point toward a new direction in solving the economic problems of the Nation:

It is clear from experiences in the U.S. and elsewhere that increased participation of workers in ownership, decision-making and the responsibilities of production in their companies can result in significant productivity improvements. The productivity gains can be particularly impressive when carried out within ownership and participatory structures that are conducive to cooperative labor relations rather than institutionalized conflict. The system of hierarchical and unilateral decision-making need not be completely abandoned, but a new balance between hierarchy and participation could have enormous potential in the effort to solve the nation's productivity problem.

With the deepening crisis in the American economy, the subject of worker ownership and worker participation and their effect on productivity is one that Americans can no longer afford to ignore.

Worker ownership has existed throughout the history of the U.S., although enterprises that are wholly owned by workers have always been rare. One study reported that 389 companies in which a large proportion of the stock was directly owned by employees were established in the U.S. between 1791 and 1940. However, in recent years, in response to a number of political and economic conditions, the number of worker-owned companies has increased dramatically.

There are at least 90 companies in the U.S. in which a majority of the stock is owned by the employees (both managerial and nonmanagerial—companies owned only by managerial employees are not covered in this report). These companies range in size from several employees to several thousand employees. They are distributed throughout the country and encompass a broad range of industries. Eighty percent were formed since 1971, and roughly 70 percent were created in response to a corporate divestiture or plant shutdown.

In the most extensive survey to date on the performance of worker-owned companies in the U.S., the Institute for Social Research, in a 1977 report, concluded that the 30 worker-owned companies for which performance data was available showed a higher level of profit than did comparable sized firms in their respective industries. The study found that worker-owned companies were 1.5 times as profitable as comparable conventional firms.

The performance of these worker-owned companies is particularly impressive because many of them were formed as a result of corporate divestitures, and therefore often faced initial financial difficulties and disruption of marketing patterns.

South Bend Lathe is a 100 percent worker-owned machine tool manufacturer with 450 employees. It was purchased from Amsted Industries in July, 1975. Since the change in ownership, the 73 year old company, which faced extinction after a string of five unprofitable years, has become a thriving and profitable business. Within one year of the buyout, productivity increased 25 percent and pretax profits were nine percent of sales, compared with losses the year before. In the three years following the buyout, wages increased 35 percent, a number of bonuses were declared, and sales remained at 25 percent above the 1974 level.

William York, the company's vice president for finance, credits the company's turnaround to the increased incentives available to, and the higher productivity achieved by, workers who directly benefit from improvements in the company's performance. Richard Boulis, the company's president, believes that worker ownership has done an excellent job, morale is excellent, and there has been a very noticeable increase in productivity. Perhaps the most substantive support for the effectiveness of the worker ownership plan comes from the workers themselves, who indicated through interviews in 1977 an unusually high level of morale, motivation and commitment to the success of the company.

Several thousand American companies have increased the participation of workers within their factories and offices in recent years. Worker participation efforts encompass a number of related practices, the common basis of which is a relatively high level of mutual influence among organization members. Worker participation can include initiatives to increase the responsibility of workers at both the shopfloor and the company management level. It is generally considered parallel or supplementary to the traditional collective bargaining process and grievance procedures. Through various participatory schemes, worker participation efforts involve workers in the determination of plans and decisions directly affecting their work life, which can include personnel issues, production methods, the internal distribution of tasks, technological changes, and corporate financing and general policy.

Worker participation experiences in the U.S. have primarily included shopfloor participation, labor-management committees, and Scanlon Plans. There have been an estimated 2,000 shopfloor participation projects in the U.S., at least 500 Scanlon Plan experiences and thousands of labor-management committee experiences. For the most part, the American programs have been initiated by management—sometimes with the support of unions—and subject to strict management limitations.

In Western Europe and Japan a much more fundamental movement toward worker participation has developed. There has been a significant shift in the priorities of the labor movement away from simple demands for higher wages and better working conditions toward more worker participation and worker control. Worker participation experiences there have primarily involved workers' councils and the placement of worker representatives on boards of directors, with considerably fewer shopfloor participation experiences. Most European forms of worker participation have been legislatively mandated.

Since World War II workers' councils have developed in all European countries, with varying degrees of influence. These councils are generally much more powerful than their counterparts in the U.S., and focus on issues such as working conditions, employment security and company performance. Similarly, in Japan joint consultative committees exist in 60 percent of all unionized enterprises and in over 70 percent of the larger enterprises.

Worker representation on boards of directors has developed in six European nations, and it now being considered in several others. The degree of representation is typically one-third, reaching a height of one-

half in all West German companies with over 2,000 employees. Worker representation on boards of directors, however, is still generally perceived as a communications mechanism rather than as a device for worker control.

A 1973 report from the Department of Health, Education and Welfare, "Work in America," analyzed work-related problems in the U.S. On the issue of worker participation, the report concluded, "It is imperative, then, that employers be made aware of the fact that thorough efforts to redesign work—not simply 'job enrichment' or 'job rotation'—have resulted in increases in productivity from five to 40 percent. In no instance of which we have evidence has a major effort to increase employee participation resulted in a long-term decline in productivity. Based upon an analysis of job redesign efforts . . . it appears that the size of increase in productivity is, in general, a function of the thoroughness of the effort (holding the nature of the industry and its technology constant)."

The following case studies exemplify some of the positive experiences with worker participation in the United States:

In a Monsanto Company textile manufacturing plant in Pensacola, Florida in 1968, 50 chemical operators participated in a job enrichment program that increased their responsibilities, provided them with more information about their jobs and allowed them to serve on labor-management problem-solving committees. As a result, productivity increased 50 percent, waste loss dropped almost to zero, and 50 percent fewer supervisors were required.

In a Monsanto Company agricultural division plant in Muscatine, Iowa in 1967, 150 machine operators and maintenance workers were engaged in goal-setting sessions and provided more autonomy in their jobs. Within four months productivity increased 75 percent, a level that has been sustained since then.

In a large electronics manufacturing plant in 1971, 70 inspectors participated in a job enrichment program that increased their responsibilities for final inspections. In the first year of the program there was a 50 percent decrease in inspection time and a 50 percent decrease in defective-quality lots found in assembly.

In a PPG Industries fiberglass manufacturing plant in Lexington, North Carolina in 1969, 120 twist frame operators were given restructured jobs with more responsibility, control and autonomy. Within two years productivity increased 12 percent.

In a General Electric Company manufacturing plant, shopfloor operators participated in a job enrichment program that increased the number of tasks they performed and provided them with more information about the production process. As a result, output increased 85 percent, while defects per operator declined about 50 percent.

In a General Foods pet food manufacturing plant in Topeka, Kansas in 1971, 70 workers were organized into autonomous work groups, with each group responsible for one complete production process. As a result, productivity increased within a range of 10 to 40 percent, company absenteeism was 0.05 percent compared with an industry average of ten percent, and there were 80 percent fewer rejects than the normal industry rate.

In an auto assembly plant, 200 employees making cushions were organizd into autonomous work groups and provided with control over cost and quality goals, work organization, and job design. The result was a 28 percent increase in productivity.

In a Texas Instruments manufacturing plant in 1967, 600 electronic instrument assemblers were organized into groups responsible for setting production goals and provided with greater information feedback. The assembly line time per unit decreased from 132 hours to 32 hours. Absenteeism, turnover, leaving time, complaints and trips to the health center also decreased.

In a Corning Glass electronics instrument manufacturing plant in Medford, Massachusetts in 1966, all 58 workers participated in organization-wide structural changes that restructured jobs, created autonomous work groups, and placed the workers on a "merit-based" pay system. In the hot plate department, productivity increased 84 percent, controllable rejects decreased from 23 percent to one percent, and absenteeism declined from eight percent to one percent within six months. In the glass shop, productivity increased 20 percent over an unspecified period. In the instrument division, productivity increased 17 percent, and quality improved 50 percent.

In a Harwood Manufacturing Co. garment manufacturing plant in 1962, 1,000 workers were involved in system-wide changes, including job restructuring, training, and increased participation in management. Within two years productivity, as measured by percent deviation from standard, improved over 25 percent in the plant, as compared with ten percent in a similar unchanged plant.

In a Texas Instruments manufacturing plant in Dallas, Texas in 1967, 120 cleaning and janitorial workers participated in a comprehensive work restructuring that organized the workers into autonomous work groups, with greatly increased control over their jobs, and provided higher wages. As a result, personnel requirements dropped from 120 to 71. Building cleanliness ratings increased from 65 percent to 85 percent, and quarterly turnover dropped from 100 percent to 9.8 percent.

There have also been a number of positive individual experiences in the public sector with worker participation projects.●

MAJOR MILESTONES FOR THE NAKATANIS

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. MILLER of California. Mr. Speaker, I wish to take this opportunity to congratulate Mr. and Mrs. Yonezo Nakatani on two recent milestones in their lives. The first one occurred earlier this month when the Nakatanis officially became U.S. citizens. The Nakatanis have eight children who are all U.S. citizens by birth, and have been good citizens of Concord, Calif., since 1920. I congratulate Yonezo and Tsueko on this formal recognition of their contribution to our fine Nation.

The second recent milestone in their lives will occur on November 29, 1980, when the Nakatanis celebrate their 60th wedding anniversary. Their marriage has survived many rough times during the past 60 years, including the shameful period of internment during World War II, and they should be honored for the personal strength they have shown over these many years. I join all of their friends and family members in wishing the Nakatanis health and happiness in the coming years and, again, my congratulations on their full citizenship and 60th wedding anniversary.●

A SOVIET DEFECTOR'S WARNING

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. DERWINSKI. Mr. Speaker, one of my subcommittee assignments in the House is on the Subcommittee on International Organizations which, among other things, deals with U.S. participation in the United Nations. Soviet subversion of the high purposes of the United Nations by intelligence penetration and a vicious disinformation program is a preoccupation of those of us who support U.S. participation in U.N. affairs.

Arkady Shevchenko, the highest ranking Soviet official to defect to the West, held the post of Undersecretary General of the United Nations when he resigned to remain in the United States. As a high level Soviet, albeit not a KGB officer himself, he provided valuable insights into Soviet goals and methods. The following article appeared in the Chicago Tribune on November 8, 1980. I am having it reprinted here because, as Mr. Shevchenko points out to his interviewers, "the American people do not fully understand."

A SOVIET DEFECTOR'S WARNING

(By Raymond J. Waldmann, Florence Bank, and David Martin)

WASHINGTON.—Arkady Nikolayevich Shevchenko is the highest ranking Soviet official ever to defect to the West. In April, 1978, he resigned his position as undersecretary general of the United Nations, repudiated his Soviet citizenship, and took up residence in the United States. Since then, he has been engaged in extensive writing and research.

Shevchenko held his UN post from 1973 to 1978. He was in charge of political and Security Council affairs, and held administrative responsibility for disarmament and many other political matters. He represented the secretary general at a number of major international conferences and meetings.

At the outset of the interview, Shevchenko emphasized that he "never (has) been a KGB officer or worked with the KGB." His information about Soviet intelligence activities, he said, resulted "because of my position" in which he "had ample opportunity to observe its operations. I knew most of the people who were working in the KGB when I worked in the Soviet mission to the UN, or as UN undersecretary general . . . I was adviser to Gromyko, I worked with Brezhnev, I was at the center of the media and I knew a lot of the KGB people because of my observations."

Question. What is your estimate of the percentage of personnel in the Soviet mission who are (a) directly involved, and (b) indirectly involved because they are used, perhaps sometimes, without their knowledge?

Answer. At least about 50 per cent, from 50 to 60 per cent of the people, one way or another, are working for Soviet intelligence.

And, of course, there is also a counterintelligence, because they even follow all the Soviets who work abroad.

Question. Is surveillance of Soviet personnel in the UN mission a function of the KGB, or is it a counterintelligence function?

Answer. Counterintelligence is a KGB operation. Unlike the United States, where you have the different agencies for different things—like the CIA, FBI, or the Secret Service—the KGB is responsible for all these things. They just have different directorates. The second directortate is mainly for counterintelligence. They even follow their own fellow comrades from the first directorate who are dealing with other things. They're also following the GRU (military intelligence). They even follow the Soviet ambassador to the UN.

Question. What would you say would be the primary purpose of an intelligence officer stationed in the United States?

Answer. They have several objectives. Among them, the gathering of information is priority. It's on top of everything. Military, political, economic information, and assessment of the political situation in the U.S. Every year, a lot of people come from many countries for the sessions of the General Assembly—prime ministers, foreign ministers, and a lot of important people. The United Nations is a unique place where they can contact or recruit some of the people from other nations to get information where they cannot have a big operation themselves, because of the small-size of their embassies in those countries, or not having diplomatic relations.

Question. Is there also a disinformation function?

Answer. Oh, yes. Disinformation is important. There is a specialized department of the KGB involved in disinformation. Disinformation activities have been done through different Soviet bodies or agencies. The International Department of the Central Committee of the Party does it through the communist parties affiliated with them.

Question. They use the local Communist Party apparatus of each country for disinformation purposes? This involves both the Communist Party and its front organizations, like the World Peace Council?

Answer. Exactly. The World Peace Council is absolutely a pro-Soviet organization, which has been doing what the Soviets want. The Novosti Press Agency is doing a lot of disinformation activities and is not formally a part of the KGB.

Question. But would you say the KGB is reality, even though it may not be formally a part, exercises control over these activities?

Answer. It is not the KGB which decides everything in the Soviet Union. This is misunderstood in the West. The real power belongs to the Central Committee and the Politburo Novosti cooperates closely with the KGB because the KGB has a disinformation operation which is more shrewd and much more dangerous than Novosti.

The Soviet disinformation apparatus prepares material which even contains some critical things about the Soviet Union, to make their propaganda more credible to the West.

Question. Who prepares this? The KGB?

Answer. Sometimes it's been prepared by Novosti in cooperation with the Foreign Ministry or the KGB. I myself, personally, participated once in a while in this exercise.

In the early 1960s, the Soviets wanted to publish a book on disarmament. They wanted to promote the idea that the Soviet Union is the champion of disarmament, and at the same time show how militaristic and against everything the United States was.

The KGB asked me and Ambassador Lev Mendelevich to write the disinformation book which we did. Later, it was published in the West under someone else's name. Novosti just had been established and they found someone in the West with a proper reputation, for which he was paid. I think they published it in several countries. I've never seen it, because they changed the titles and all kinds of things.

Question. Did this person know he was working from a text that had been provided by the Soviet Union?

Answer. Certainly. How could it be otherwise, if someone had given him the manuscript? Of course, maybe he made suggestions, "let's do that better in that way," or something like that.

Question. What is the Soviet reaction to the restrictions that have been placed on the U.S. intelligence agencies since 1974?

Answer. They're most happy about that. The more U.S. intelligence is restricted, the more opportunity or possibilities the KGB or GRU have to do whatever they want because the only power in this country, or in any other country, to face the KGB are the intelligence agencies. In the United States, this is either the CIA or FBI. And the more they are restricted in their activities, the less they can do against the Soviets. So Soviet intelligence was very happy to see that the image of the CIA went down because of a campaign against the CIA in the United States.

Question. Is that campaign receiving any encouragement from the KGB?

Answer. No doubt about that. It's part of their disinformation. They certainly use all of the publications, books, or articles which are here in this country against the CIA, and I myself was instructed to participate in these activities. But the people used may be sincere and good Americans, not necessarily members of the Communist Party, or something like that. The KGB always finds ways. They're rather efficient.

Question. What defenses does the United States have against this kind of concrete campaign?

Answer. The CIA and the other affiliated intelligence bodies in this country should be strong. It would require, in my view, more people, and I don't consider that the American people should view that as a waste of the taxpayer's money. More money, more manpower should be put into the CIA and all the agencies working with it. The FBI should be strengthened in the counterintelligence activities against the Soviets. There is no other way.

If you face all the activities of the Soviets, which are huge, and done not only by the KGB but by the front organizations, by the Communist Party, by some other groups, beginning from the World Peace Council and other organizations, this country really needs a very strong hand to resist Soviet subversive operations.

The only way to stop that is a very strong military might and intelligence community here. This matter should be considered a national priority.

The American public should be much better informed about the Soviet threat; what the Soviets are doing, how they're doing it and what their final goals are. The more the American people or the people in the West are informed about the Soviets, the more difficult for the Soviets to achieve their purpose. I would say that quite a large proportion of the American population does not really understand the Soviet threat.

The American people do not fully understand.●

ADDITIONAL REMARKS ON H.R. 7554

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. SCHEUER. Mr. Speaker, several months ago as chairman of the Subcommittee on Consumer Protection and Finance, I asked the Securities and Exchange Commission to sit down and discuss with representatives of the venture capital industry several bills that had been introduced to lessen the burdens imposed by the Investment Company Act on business development companies. These discussions resulted in the bill adopted by the House on October 1, 1980, as H.R. 7554.

Several Members have had questions concerning the nature of the companies which may qualify as business development companies. The act provides, inter alia, that a business development company is a company, "operated for the purpose of making investments in securities described in sections 55(a) (1) through (3) * * *." Sections 55(a) (1) through (3) describe securities purchased in a typical venture capital context. For instance, these sections include private placements of securities issued by eligible portfolio companies or by companies in or near bankruptcy.

During discussions on the language of the definition of a business development company the SEC had suggested that such a company be operated "solely" for the purpose of making the specified investments, while the industry had suggested a "primary" purpose test. As a compromise it was agreed to use no qualifying language, and this compromise was followed by the committee in reporting out H.R. 7554. Thus, while a business development company's operations must, in general, support its purpose of providing venture capital to eligible portfolio companies, there is no requirement that each investment be analyzed to determine whether it supports that purpose. For instance, it was contemplated that window investments could furnish a relatively steady flow of income to cover operating expenses, since venture capital investments are unlikely, at least initially, to reduce such a steady return. In addition, a business development company might invest in blue chip securities or other investments through the window to arrange its portfolio to reduce overall risk. Such investments were contemplated when the legislation was drafted by the committee. To put it another way, as is stated in the committee report on page 40:

The purpose test in section 2(a)(48) of the Act is not intended to limit this flexibility. However, it is essential that the overall purpose of the business development company comply with the purpose test and that the flexibility afforded by the "window" and other provisions not be used to derogate

from the statutory purpose. Such a result might occur, for example, if the "window" is used in a manner that is unrelated to the objectives of the business development company.

One of the primary characteristics setting apart business development companies from typical investment companies is the requirement that they make available significant managerial assistance to certain companies in which they invest. New section 2(a)(47) of the Investment Company Act of 1940 defines the term "making available significant managerial assistance" in a manner that is consistent with the practice of the venture capital industry. It provides that a business development company may meet the requirement of making available significant managerial assistance either through its own efforts or where the business development company invests in a portfolio company in conjunction with one or more other persons acting together, through the efforts of one of the persons in the group.

In such an instance there is no need for the various investors in the portfolio company to enter into any formal agreement concerning their investment or the provision of managerial assistance. Likewise, there is no requirement that the investors in the group continue to act together subsequent to their purchase of securities of the portfolio company. No implication of a requirement of filing under 13(d) of the Securities Exchange Act of 1934 is, per se, created by the fact that a business development company makes available significant managerial assistance to a portfolio company through the efforts of another person who has purchased securities of such company in conjunction with the business development company; these are independent determinations.●

RURAL ECONOMY COMES OF AGE

HON. SAM B. HALL, JR.

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. HALL of Texas. Mr. Speaker, America's great move to the cities just before and just after World War II gave way to a migration to the suburbs in the 1960's and 1970's. There are increasing signs that many Americans are tiring of the urban phenomenon and, as such, are looking toward rural areas to work and raise a family.

Throughout east Texas, a portion of which I am pleased to represent in the House, increased farming and industrial opportunities are attracting energetic people from all over the United States. The combination of farming and ranching with the location of new industry has made east Texas a strong economic growth area for the future.

Just recently an article appeared in the Dallas Morning News which described how one east Texas city, Sulphur Springs, is facilitating this balanced approach to economic growth. The success of Sulphur Springs in attracting industry as well as bringing people back to the land is due to citizen pride, positive investment by a public-spirited business community, and a strong work ethic.

When areas throughout the Nation are crying over high unemployment and a downturn in the economy, it might help for their civic leaders to study the Sulphur Springs example and attempt to emulate it. The new administration is talking about putting people back to work, and this worthy goal can be accomplished by following the lead of Sulphur Springs, Tex.

I commend the news article to the attention of my colleagues and the Nation as follows:

[From the Dallas Morning News, Oct. 26, 1980]

RURAL ECONOMY COMES OF AGE

(By Joe Simnacher)

SULPHUR SPRINGS, TEX.—Hidden behind the pastoral setting of this Hopkins County town is a balanced economy that the local citizens say is the "bright spot" of northeast Texas.

And if the word of the townsfolk isn't sufficient, a glance at the major industries that have moved to Sulphur Springs to manufacture everything from pants to cranberry juice to hair-thin, high-altitude research balloons reinforces the boosterism.

While a thriving rural town might surprise those accustomed only to urban opulence, Tom Plaut, a researcher for the Texas Bureau of Business Research at the University of Texas at Austin, said "there has been a revival of non-metropolitan growth occurring in certain parts of Texas, especially East Texas.

"The whole area of East Texas from Texarkana around Longview and Marshall and Tyler * * * the non-metropolitan parts of that area have been growing very quickly," he said.

Sulphur Springs is representative of this new rural economic emergence.

In the 1950s and 1960s, a lot of non-metropolitan areas of Texas were experiencing relatively slow growth and outward migration, Plaut said, "that has turned around pretty much throughout Texas.

"South and West Texas are still not growing as fast as other parts of Texas, but are doing better than they were in the past," Plaut added.

He sees the roots of the town's most recent growth dating back to the mid-1960s and the construction of I-30 through the area. Palmer, like many in the area, is a 5th-generation resident of Sulphur Springs.

And like many others, Palmer left Sulphur Springs after he was graduated from college, returning in 1979 after an 8-year absence in Lubbock to help form First National Bank, the town's fourth bank.

First National opened Jan. 28, 1980 with $2 million of local capital. The new bank has since added $7½ million in deposits, "all local money," Palmer said.

The new bank has been adding about 12 new accounts a day. Four of the 12 are accounts new to Hopkins County, Palmer said.

While Palmer is Sulphur Spring's youngest bank president, Gerald Prim, the town's senior bank executive at 75, has watched and helped Hopkins County develop from the rural poverty of the Great Depression.

In the early '30s, Prim's father was the bank cashier at Sulphur Springs State Bank, top position at the time. The town's bankers urged Hopkins County cotton farmers to switch to dairy cattle.

During the Great Depression, a family of three might borrow a maximum $10 to $12 a month to operate their "old worn-out land," Prim said. The cotton farmers could not earn enough off their farms to make it worth anyone's while, raising as little as one bale of cotton to 10 acres of land.

With the bankers urging, the farmers gradually bought dairy cattle and started picking up $20 or so monthly income from their herds.

Word of the growing Hopkins County dairy business traveled to Dallas, where the dairies were willing to sign up the emerging East Texas dairymen.

From these modest beginnings, the county's dairy business flourished. Today Hopkins County is the largest dairy county in the Southwest. It boasts about 500 Grade A (or Class I) dairies with about 48,000 dairy cows.

"There's more grass here now than since the Indians left," Prim said.

(Hopkins County had total agriculture revenues of $168 million in 1979, First National's Palmer said.)

Prim said that during the hardest times for the dairy farmers in '74 and '75, his bank kept lending money at 8¼ percent interest while the nation's prime went to 12 percent. Today he is making loans at 12 percent while the prime is at 14 percent elsewhere.

But Hopkins County has been good to Sulphur Springs State Bank. When the present building was built in 1961, the Dallas architect said the new facility would handle the bank's business up to $28 million.

"It'll never happen," Prim told the architect.

Today Sulphur Springs State Bank, with deposits of $57 million, is doubling the size of its building to handle its increased business. His bank has $28 million in demand deposits and $28 million in time deposits.

Prim, like other community leaders, is proud of Sulphur Springs and its varied economic, base, but he is quick to add "we've never given anything to anyone to move here, except cooperation."

Sulphur Springs' cooperation has attracted an impressive list of business additions to its agricultural base.

Janice Mitchell, personnel representative for H. D. Lee Co. in Sulphur Springs, said the pants-maker employs 575 persons, 80 of which were added in the past year.

Mrs. Mitchell said she recently has taken applications from people as far away as New York, Cincinnati, Pittsburgh and Alaska.

Perhaps the most unusual business in town is Winzen Research Inc, which has been using polyethylene pellets to produce high-altitude research balloons for 15 years. The 100,000-square-foot plant employs about 80 workers making the custom balloons.

A typical balloon is constructed in the plant's 800-foot-long final assembly area under the supervision of Loren Seeley, Winzen's director of research.

One of the city's newest businesses is Ocean Spray Cranberries. It located its Sulphur Springs plant in the town about a year ago. Ocean Spray's 120 employees produce the company's line of bottled juices for distribution in the Southwest. The company picked Sulphur Springs "because it's a handy place to be," plant manager Sam Malaney said.

Southland Corp. of Dallas has its specialty foods division next door to Ocean Spray. Southland has 78 employees making half-and-half, coffee creamers, yogurt, dips, juices and other specialty dairy products.

And the citizens of Sulphur Springs are working in two energy-related areas. Rockwell International has more than 500 people making oil field and nuclear power valves while Texas Utilities employs 180 people mining lignite.

Joe Woosley, executive editor of the Sulphur Springs News-Telegram, said the utility company sends 80 100-ton railroad cars of lignite to its electric plant at Monticello.

Woosley, a 46-year veteran of Sulphur Springs journalism, said the town also recently extended the runway of its municipal airport to handle corporate jets.

While Sulphur Springs "has noticed the recession but not felt it" as one Chamber of Commerce representative said, the county's dairymen are cautious.

Murrel Rushin, a dairyman in Hopkins County for 31 years, is typical of the dairy farmers in the area, said Ronald Woolley of the Texas Agricultural Extension Service.

"The last two or three years have been as good as I've seen," Rushin said of the dairy business.

The people in town point out that federal milk price support, currently about $13.50 a hundred weight, put the dairy farmer in one of the better positions in agriculture.

However, Rushin said, this summer's drought cut his hay crop short, forcing dairymen to buy hay from outside the county and state--hay that is expensive because of the drought. The extreme heat also cut milk production.

Grain farmers are rejoicing the new U.S.-China grain-exporting deal. But the grain transaction is not popular with these dairymen because it raises their feed prices, cutting into their profit margins.

Rushin realizes grain farmers also must make a living, but at the same time realizes a limit exists to what others will pay for milk.

Murrel's son Mike Rushin recently was graduated from high school and is working with his father to build a dairy herd of his own and perhaps take over the dairy.

Young Mike Rushin, like many counterparts in nearby Sulphur Springs, is looking to his future, a future in emerging rural Texas.●

WHO OWNS THE OIL COMPANIES?

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. CONYERS. Mr. Speaker, the multinational oil companies are the most profitable corporations in the world today. Their rate of profit is twice as great as the average rate in all other industries. The 1980 profits of the top 20 oil companies in the United States could top $50 billion. While other major industries and companies, such as Detroit's automobile industry, are showing record losses, or are sinking deeper and deeper into debt, America's oil giants possess the bulk of the profits and the investment capital that will be available for new private investment in the coming years.

Who owns the oil companies? Who determines what will become of their vast resources? These questions are critical to the American people, who depend on these companies not only for their energy needs and their jobs, but also for the future direction of the American economy. Robert Sherrill, a distinguished journalist, reports on oil company ownership in a recent book review, that appeared in the Nation, October 25, 1980. His review is of the most thorough and authoritative report on oil company ownership and control, published in the CDE Stock Ownership Directory: Energy. Oil company ownership, Sherrill finds, is vested in an interlocking set of banks and insurance companies that alone own controlling interests and possess decisive representation on the boards of directors.

The Sherrill article is an indispensable guide for understanding high finance, and how a handful of corporations, along with financial insititutions, have amassed an alarming amount of wealth and power in the society. The article follows:

WHERE IS THE CRY OF PROTEST?

(By Robert Sherrill)

A few years ago when the wild hares of Congress were talking about the need to break up the major oil companies to encourage competition, the American Petroleum Institute began circulating pamphlets and brochures arguing that the industry is already very competitive and the power of the industry is not concentrated among a few masters of capital. In one of these booklets, the A.P.I. stated that the records of the six largest U.S. oil companies would show that "some 2.3 million Americans own shares in these six companies directly; and about 11.75 million other Americans are indirect owners [through ownership of mutual funds, insurance policies, pension plans, etc.] of these six companies. Together, these 14 million Americans own nine-tenths of all the shares of the six companies studied."

Don't read that too fast. Linger a moment on the phrase "indirect owners" and savor the A.P.I.'s meaning. If you have an insurance policy with, say, Prudential Life Insurance Company, the A.P.I. considers you to be an owner, albeit an indirect one, of at least ten major oil companies and a person of vast persuasion in the oil industry. After all, Prudential is the second largest stockholder in Marathon Oil, the third largest stockholder in Union Oil of California, the fourth largest in Shell and in Gulf, the fifth largest in Standard of Indiana, the seventh largest in Mobil and Atlantic Richfield, and fifteenth largest in Exxon, the thirty-third largest in Texaco and the thirty-fifth largest in Standard of California—which does not by any means exhaust the list of Prudential's energy stockholdings.

Holders of Prudential policies may have some difficulty transforming their part of the Rock into the rich glow of a J. Paul Getty, and indeed they may think that the A.P.I.'s theory is a bit absurd, but the theory is nevertheless a variation of one of Wall Street's most imperishable myths: that corporate America is owned and controlled directly, and especially indirectly, by millions of little investors.

The myth flourishes despite studies that appear every few years that prove exactly the contrary. The latest to appear, and one of the most useful, is the CDE Stock Ownership Directory: Energy (from which the above data on Prudential was taken), published this year by Corporate Data Exchange Inc. of 198 Broadway, New York, New York 10038. It is a marvelously rich lode of information about the 142 largest U.S. energy companies—data about who owns them, what their relationships are with other corporate giants—and it proves irrefutably that although about 5.2 million investors are involved at some level, "a group of fifty institutional investors control at least 15 percent of the stock of the top thirty-eight energy conglomerates."

But to talk of fifty institutional investors is to avoid the chilling aura of concentration that permeates the C.D.E. directory. In fact, a handful of financial institutions—banks and insurance companies, mostly—run things. One need look at only half a dozen banks to see what's going on.

Citicorp is among the top five stockholders of Atlantic Richfield, Conoco, Phillips, Standard of Indiana, Standard of Ohio and Getty Oil. (Dropping into the second tier of five, it is No. 6 at Exxon, No. 8 at Texaco, No. 8 at Marathon, No. 8 at Union Oil.)

Chase Manhattan is among the top five at Exxon, Standard of California, Conoco, Standard of Indiana, Sun Oil and Mobil. (It is No. 10 at Atlantic Richfield.)

Bankers Trust of New York is among the top five stockholders at Conoco, Mobil, Getty and Sun. (It is also No. 8 at Exxon, No. 10 at Standard of Indiana, No. 9 at Amerada Hess.)

Manufacturers Hanover is among the top five at Texaco, Atlantic Richfield, Phillips, Exxon and Standard of California. (It is No. 9 at Standard of Indiana, No. 7 at Amerada Hess, No. 6 at Getty, No. 10 at Superior, No. 9 at Union.)

J. P. Morgan, parent of Morgan Guaranty Trust, is among the top five at Mobil, Marathon Oil, Superior Oil (the largest independent oil company) and Exxon. (It is No. 10 at Cities Service.)

Chemical Bank of New York, aside from being the top stockholder at Ashland Oil, is No. 6 at Atlantic Richfield and Cities Service, No. 9 at Standard of California, No. 7 at Superior and No. 10 at Exxon.

The C.D.E. found that in the ten largest oil companies, the top five stockholders together own from 8.56 percent (Texaco) to 80.68 (Shell), with the average being 23.6 percent.

(Bear in mind that the House Banking Subcommittee on Domestic Finance "presumes" that control of 10 percent of a corporation's stock equates with control of the corporation, that as low as 5 percent qualifies for control and that even 1 or 2 percent ownership offers "tremendous influence.")

When information like the C.D.E.'s surfaces, it makes one want to go lay a black wreath on the graves of the Sherman Anti-Trust Act of 1890 and the Clayton Act of 1914 which, though still on the Federal books, are effectively dead. Nobody uses them, though they were meant to protect us from such evils as monopolies, unfair mergers, price-fixing, divvying up of markets, interlocking directorates, insider deals—all the devices that industrial gangs use to lessen competition or to exploit lack of competition, at the consumer's expense.

Nowhere have the public's suspicions of such conduct centered longer or more acutely than on the oil industry, but of course the public's suspicions have rarely stirred the Justice Department or the Federal Trade Commission to serious antitrust prosecution of the oil crowd. Congress has been equally lethargic, and so has the press.

When the C.D.E. report was issued, William Winpisinger, president of the International Association of Machinists, asked, "Where is the cry of protest?" Where, indeed? Even the best of the daily press gave the report only a few inches, and promptly forgot it. Television gave it no coverage at all.

But this is quite understandable, for the establishment press would simply prefer not

to consider evidence that the economic basis for the establishment's existence involves a capitalist conspiracy. Winpisinger was not being excessive when he said, "the C.D.E. study makes it clear that what we have in America is a vast in-house energy and financial conspiracy that makes the Mob look like a bunch of amateurs."

Conspiracy is a very unfashionable word, but with the C.D.E. directory at hand it is easy to use the word without apology. The interlocking nature of U.S. capitalism at the top as shown in its pages can hardly be accidental or innocent.

The intense concentration is seen not only in the stock ownership but also in the sharing of lawyers. The C.D.E.'s "Index to Legal Counsels/Washington Reps" discloses, for example, that Howrey & Simon represents no less than six majors: Exxon, Gulf, Mobil, Shell, Tenneco and Texaco; that Covington & Burling represents Atlantic Richfield, Standard Oil of Ohio and Superior Oil; that Mobil and Cities Service share the confidential legal talents of McClure & Trotter; that Amerada Hess and Marathon Oil share Milbank, Tweed, Hadley & McCloy, et cetera.

It's rather hard to give the oil companies an objective hearing for their claim of competitiveness and independence when we discover that their most confidential trade information is cared for by shared lawyers. And (moving into natural gas) it does seem a bit odd that both El Paso, the nation's second largest natural gas pipeline, and Panhandle Eastern, the fourth largest pipeline, would hire the firm of Sullivan & Cromwell to handle their legal work.

Try as one will to avoid such ugly thoughts, one has to think that there just might be a few tiny breaches of the antitrust laws, some mischievous collusion, some conflicts of interest in all the teamwork the C.D.E. has recorded.

These are not new suspicions. They have, of course, crossed the minds of many observers under numerous other circumstances—circumstances that probably still prevail.

Some of the most elaborately supported suspicions were voiced in January 1978, by the late Senator Lee Metcalf's subcommittee investigators. Their study showed that "three of the largest energy companies had indirect interlocks with most of their major competitors. . . The nation's largest energy company, Exxon, indirectly interlocked with its leading competitors as follows: Atlantic Richfield (four times); Mobil (six times); Shell (once); Standard of California (six times); Standard of Indiana (twice); and Texaco (twice)."

Similarly generous interlockings were listed for Mobil, Texaco and Atlantic Richfield. And, again, the trail led back to the banks. "There directorate linkages among these giant energy firms," the staff study noted, "appear all the more serious when viewed in the context of where their directors met."

"For example, Exxon had two directors—one its chairman—sitting on the board of Citicorp, alongside directors of Mobil and Standard of California. Other energy related companies on the Citicorp board were Halliburton [Brown & Root, one of the world's largest energy construction firms, is a subsidiary], Texas Eastern Transmission, General Electric, Stone and Webster, and Westinghouse. Major energy users on that board were General Motors, Ford, Monsanto, Du Pont, Union Pacific, Southern Pacific and U.S. Steel. . . .

"Exxon directors met directors of Mobil, Atlantic Richfield and Standard of Indiana on the board of Chemical New York. Other energy companies on that [bank's] board were Amerada Hess and Aramco a member of an advisory committee to the Chemical board was also a director of Texaco. Other energy-related companies on the Chemical board were General Electric, Westinghouse, AT&T and IBM."

And on and on went the report, peeking into the board rooms at other financial institutions, and finding the same kind of gatherings. Understandably, the investigators were alarmed, and they didn't try to hide it. They warned of "the danger of a business elite, an ingrown group, impervious to outside forces, intolerant of dissent and protective of the status quo, charting the direction and investment" in a key industry such as energy without giving a second thought to the public's interest.

"The issue that has surfaced increasingly in recent years on Capitol Hill," they wrote, "is to what degree can the largest financial institutions now and in the future direct the course of major production, distribution and services that affect the daily lives and work of the American people. Are corporate decisions made, and risks taken, independently and competitively, or is there some higher private authority that holds the reins over corporate financial management?"

There is some perverse fun in quoting dramatic statements like that because they are made in such a complete vacuum. Probably not more than three dozen people—a generous estimate—in this country even thumbed through that fascinating staff study. Certainly it results in not even the faintest quiver of a reform nerve anywhere in government. That's the way it always has been.

Going back a couple more years to 1976, we find the study, "The Structure of the U.S. Petroleum Industry," which was prepared for a Senate Interior subcommittee. It, too, brims over with wonderfully damning evidence of the concentration of power in the oil industry, primarily, of course, through the banks. Among other things, this study revealed the following:

"The First National City Bank was reported as an affiliation by 16 directors from 7 oil companies, the Chase Manhattan Bank by 11 directors from 7 companies, and the Chemical Bank by 10 directors and 8 companies.

"It should be noted that these affiliations between companies through banks—often termed "interlocks"—are usually not direct: Mr. Smith from the bank is not on the board of A and B [Exxon and Mobil]. They are indirect, in the sense that Mr. Jones and Mr. Smith from the bank serve with A and B respectively."

The writers of this study left us to make the assumption that when Mr. Jones and Mr. Smith got back to the bank from their directors' meetings at Exxon and Mobil, they chatted about the oil business in a way that would not have made the authors of the Clayton Act too happy.

O.K., now let's go back a couple more years to 1974. That year Senators Metcalf and Edmund Muskie's subcommittees jointly turned out a report ("Disclosure of Corporate Ownership") that told how Bankers Trust Company held 6.1 percent of the voting stock of Mobil; 5.8 percent of Continental Oil, 2.1 percent of Ashland, etc., etc. with the other big oil companies falling into much the same pattern as found today by the C.D.E.

If you want to start penetrating ancient times, you can turn back to the landmark study of 1968, when Representative Wright Patman's staff showed how commercial banks controlled most of corporate America through credit, stockholdings and directorates—a story that, because of repetition, has begun to seem old in just a dozen years.

What can we expect to come from these regular waves of revelations and warnings? Why, nothing at all. But they do make good reading and they stir the juices and, for those of us who enjoy hating corporations, especially banks and oil companies, they are the endless source of bile. Thank goodness there will always be another report of the same sort coming along from time to time. The Federal Trade Commission is right now doing an inquiry into—what else?—the interlocking directorates of oil companies and banks. As Jeff Gerth wrote in The New York Times, this F.T.C. investigation "is seeking to determine what effect these relationships have on competition in the oil industry."

Hey! Why hadn't somebody thought of that before?●

PUERTO RICO DISCOVERED 487 YEARS AGO

HON. BALTASAR CORRADA

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. CORRADA. Mr. Speaker, 487 years ago a great event happened in Puerto Rico which makes today, and every November 19, a day of celebration in our island. It was on November 19, 1493, when Christopher Columbus, one of the world's greatest explorers discovered Puerto Rico.

During Columbus' second voyage to the New World he reached the island of Puerto Rico. He first called the island San Juan Bautista, which means Saint John the Baptist, in honor of Don Juan, the son of King Ferdinand and Queen Isabella. On that day the great admiral's fleet sailed along the island's south coast to a bay on the western shore, where it remained for 2 days, while they took on water, fished, and gathered tropical fruits. The peaceful Taino Indians already inhabited the island.

November 19 marks the day when the island of Puerto Rico became known to the Western civilization. Our Spanish heritage, of which we are proud, had its birth on that day of the discovery of Puerto Rico, 487 years ago.

I wanted to share this celebration with you, my dear colleagues, and let you all know of the importance of this date to 3.2 million American citizens of this great Nation. Puerto Rico, as part of the United States since 1898, 405 years after its discovery by Christopher Columbus, wants to invite all our fellow American citizens to celebrate with us this 487th anniversary of our discovery.●

PLACING THE SECURITY OF THE STATE ABOVE THE FREEDOM OF THE INDIVIDUAL

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 19, 1980

● Mr. DOWNEY. Mr. Speaker, until recently I had regarded a group called the Heritage Foundation as merely one among many producers of comical-

ly biased defense analyses. But this weekend's press indicates that it may be something else entirely.

According to a report in the November 16 Washington Star, this group has submitted proposals to President-elect Reagan which include the following.

First, it explicitly states that the security of the state would be given higher priority than the freedom of the individual.

Second, it urges that surveillance including wiretapping, mail covering, and illegal entries be conducted against members of political groups in disagreement with Government policy, even if these individuals or groups are not even suspected of criminal activity.

Third, it urges that congressional internal security committees be reestablished. Those older than I will recall that the only effective function of those committees was to cut off political dissidents from working in their professions, as the Soviet Union is now doing with Andrei Sakharov and others who are as noble human beings as their oppressors are defective.

These steps are advocated on the rationale that the threat to the internal security of the republic is greater today than at any time since World War II.

In point of fact, this last statement appears incomprehensible. As a result of the policies of the outgoing administration, antigovernment demonstrations or violent political acts are less common than at any time since the Kennedy administration, or possibly even before that.

But more to the point, I must ask why we need a national security apparatus at all, if we are going to imitate the worst features of the regimes we claim to be defending against. Is there anything in the Heritage Foundation proposal just cited with which Stalin—or for that matter Hitler—would disagree? If there is, I do not see it. This is not just a matter of legalizing Watergate; it goes much further than that. These people are proposing everything short of a stiff arm salute for the U.S. military. Somehow I suspect this is not the heritage Thomas Jefferson had in mind.

It may be that I am mistaken. I have not seen the original report, and am reacting only to news accounts. I will write to the president of the Heritage Foundation, enclosing a copy of these remarks, and invite his response which I will insert in the RECORD. I am hoping he will tell me that the Washington Star report, which I now insert, is all wrong and he really did not say those things he is quoted as saying.

The article follows:

CONSERVATIVE GROUP URGES REAGAN TO REVIVE INTERNAL SECURITY PANELS ON HILL

President-elect Ronald Reagan and the new Congress should take a harder line against domestic radicals, including reviving congressional internal security committees like the ones active during the McCarthy era of the 1950s, an influential conservative research group said yesterday.

The Heritage Foundation called for the stepped-up activities against dissidents as part of a blueprint for conservative policies that was presented Thursday to top officials of the Reagan transition team, some of whom have close connections with the Washington-based foundation.

"The threat to the internal security of the republic is greater today than at any time since World War II," the Heritage report said in recommending "presidential emphasis on the nature of the threat . . . the reality of subversion and emphasis on the un-American nature of much so-called 'dissidence.'"

Besides reviving at least one internal security committee in Congress, the conservative group called for ending restrictions that in mail openings by the FBI, require prior approval from the president and attorney general before the FBI can conduct break-ins, and permit investigation of political groups only when they are suspected of criminal activity.

"Many of the current restrictions on internal security functions arose from legitimate but often poorly informed concern for the civil liberties of the citizen and the responsibility of the government," the report said. "While these are legitimate concerns, it is axiomatic that individual liberties are secondary to the requirement of national security and internal civil order."

The report argued that serious surveillance of dissident groups requires "such standard intelligence techniques as wiretapping, mail covers (monitoring where mail is sent), informants, and at least occasionally, illegal entries."

The Heritage Foundation listed among groups that should be put under tighter surveillance communist parties, radical and New Left groups, "anti-defense and anti-nuclear lobbies," and white racist groups like the Ku Klux Klan.

The report also said the nation's internal security was threatened by "an expanded presence of immigrants from unstable and sometimes Marxist influenced states whose number may include foreign intelligence agents and agents provocateurs."

It added: "Clergymen, students, businessmen, entertainers, labor officials, journalists and government workers may engage in subversive activities without being fully aware of the extent, purpose or control of their activities."

The report also recommended appointment of an attorney general, FBI director and judges who have an understanding of extremist groups, and restoration of the attorney general's "list of subversive organizations."

The House Internal Security Committee, formerly known as the House Un-American Activities Committee, was disbanded in 1975 and the Senate Judiciary subcommittee on Internal Security was abolished in 1978.

Internal security committees achieved wide prominence in the early 1950s when the late Sen. Joseph R. McCarthy, R-Wis., conducted hearings on alleged communist infiltration of the government, labor unions and other areas of American life.

Sen. Strom Thurmond, R-S.C., who will take over the Senate Judiciary Committee in January when the new Republican-controlled Senate is seated, has made no decision on reviving the internal security panel, according to aide David Elam. Thurmond opposed the disbanding of the subcommittee in the 1970s.

Edwin J. Feulner, Heritage Foundation president, said Edwin Meese III, who heads the Reagan transition team and will be a top-ranked counsel to the president in the Reagan White House, was "very receptive" to the wide-ranging report when it was presented to him Thursday night.

Feulner, who will also serve on the Reagan transition team, quoted Meese as saying he will "rely heavily" on the recommendations in formulating Reagan policies.

The Reagan transition office, however, declined to comment on the role that the Heritage study will play beyond repeating an earlier Meese statement that the report had "no official status" and noting that "we're paying attention to a lot of different reports."

Meese has worked with Heritage officials for several years and attended a number of the group's meetings, Feulner said.

In its 20-volume, 3,000-page report, the research group also recommended that the Reagan administration:

Dramatically increase defense spending, immediately asking Congress for a $20 billion boost in the 1981 defense budget.

Deploy the neutron warhead in Europe, develop a new strategic bomber, and build up the Navy to 600 ships.

Halt affirmative action programs designed to increase hiring and promotion of blacks, women and minorities discriminated against in the past.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an interim procedure until the computerization of this information becomes operational, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, November 20, 1980, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

NOVEMBER 21

9:30 a.m.
Banking, Housing, and Urban Affairs
To hold hearings on the cross-industry takeover between commercial banks and thrift institutions.
5302 Dirksen Building

10:00 a.m.
Special on Aging
To hold oversight hearings on the social security system and on proposed changes thereto.
5110 Dirksen Building

NOVEMBER 24

2:00 p.m.
Select on Ethics
Open and closed business meeting.
S-145, Capitol

NOVEMBER 25

10:00 a.m.
Finance
International Trade Subcommittee
To hold hearings on S. 3165 and S. 3166, bills modifying the operation of the U.S. Generalized System of Preferences which provides tariff preferences to products imported from developing countries, and to review the President's report thereon.
2221 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation and Federal Services Subcommittee
To hold hearings on the U.S. Postal Service's proposal for a nine-digit ZIP code.
3302 Dirksen Building

DECEMBER 1

2:00 p.m.
Conferees
On S. 2080, establishing public buildings policies for the Federal Government, permanently establishing the Public Buildings Service in the General Services Administration, authorizing funds for fiscal year 1981 for the construction, renovation, and maintenance of public buildings and related activities of the Public Buildings Service.
S-145, Capitol

DECEMBER 2

10:00 a.m.
Special on Aging
To resume oversight hearings on the social security system and on proposed changes thereto.
6226 Dirksen Building

DECEMBER 3

10:00 a.m.
Special on Aging
To continue oversight hearings on the social security system and on proposed changes thereto.
6226 Dirksen Building

DECEMBER 4

10:00 a.m.
Special on Aging
To continue oversight hearings on the social security system and on proposed changes thereto.
6226 Dirksen Building